

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

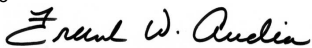
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

# **Charter Township of Canton Wayne County, Michigan**

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## **Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2006**

### **Supervisor**

Thomas J. Yack

### **Clerk**

Terry Bennett

### **Treasurer**

Elaine J. Kirchgatter

### **Trustees**

Melissa McLaughlin

Todd Caccamo

Karl Zarbo

Todd Lajoy

### **Finance Director**

Richard A. Eva, Jr.

Prepared by Finance Department

# Charter Township of Canton

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# Charter Township of Canton

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# Charter Township of Canton

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May 7, 2007

To the Board of Trustees and Citizens  
Charter Township of Canton  
Wayne County, Michigan

### **Transmittal**

This letter serves to formally transmit to the board of trustees the Comprehensive Annual Financial Report for the 2006 fiscal year. This report was prepared by the finance and budget department. Responsibility for the accuracy, completeness, and fairness of the data herein, including all disclosures rests with the Charter Township. We would ask that the board review and accept this report, which details the Township of Canton's financial condition. Additional information can be obtained by referring to the management's discussion and analysis section of this report.

### **Economic Development**

Canton experienced tremendous growth in the commercial sector during 2006. IKEA opened its only Michigan store in the heart of Canton's business district. The opening proved to be the most successful in the history of IKEA North America, with more than 100,000 visitors passing through their doors in the first four days. Commercial developers and retailers took note of this success and made plans to capitalize on the traffic generated by IKEA. Borders, Petco, Starbucks, Office Depot, Victory Toyota, and Antonio's Restaurant completed projects. A number of new projects have been planned for 2007 along Ford and Michigan Avenue. The new housing market continued to be soft with just over 200 new homes constructed during the last year.

Canton's 2006 economic development accounted for almost 22 percent of Wayne County's economic activity.

### **Public Facilities**

A number of public improvements were completed during 2006. A long-awaited expansion of the Parks Division headquarters and garage in Heritage Park was completed.

A new general government warehouse took the place of a 50-year old razed structure. A \$1.3 million bond issue paved the way for much-needed improvements at Fellows Creek Golf Course. The clubhouse saw a complete remodeling. Course improvements will begin in 2007 and be completed in 2009.

Also approved in October 2006 was an \$8.5 million Downtown Development Authority bond issue to facilitate various infrastructure and streetscape improvements.

## **Budgeting**

The Canton board of trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Charter Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. Budgetary controls include the fact that expenditures cannot exceed revenues for the year plus beginning fund balance. An encumbrance system is in place to ensure that this control is not violated. In addition, the board of trustees must approve all budget amendments made throughout the fiscal year. Transfers within a fund may be approved by the Township supervisor, except for changes to capital or personnel. These changes require board approval regardless of the amount. Adequate internal controls are an important aspect of the financial system for the Charter Township. An Internal Control Committee is comprised of the treasurer, the director of finance and budget, both finance and budget accountants, and the deputy treasurer. This committee establishes and reviews internal controls to ensure accountability, reliability, and accuracy.

## **Pension and Postemployment Benefits**

Our pension program is administered and handled by private insurance companies, Retirement Funding/Schwab and the Municipal Employees Retirement System (MERS). The Charter Township has both a defined contribution plan and a defined benefit program. It is mandatory for employees to contribute 5 percent of their base pay. The Charter Township matches it with 15 percent for the defined contribution plan, and the MERS contribution is determined actuarially. There is a pension committee comprised of the treasurer, administrative services director, an accountant from the finance and budget department, and one member of each of the union and nonunion groups.

A fund was created in 1997 to account for retiree health insurance premium costs. It is anticipated that the investments in this fund will provide for future health care benefit costs for retired Charter Township employees.

## **Component Units**

The Charter Township of Canton Building Authority is governed by a board that is appointed by the Charter Township supervisor. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings. Included in the financial statements is the Charter Township's discretely presented component unit, the Downtown Development Authority (DDA). The DDA captures tax revenues that are used to fund improvements to the downtown area.

## **Cash Management**

The Charter Township's investment policies follow the legal requirements of municipalities covered under Michigan Public Act No. 20 of 1943, as amended December 1997. We maximize the use of funds and ultimately try to increase the return of our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Charter Township assets. Our investment portfolio consists of U.S. Treasury and other obligations of the U.S. and its agencies, certificates of deposit, commercial paper, and authorized pooled funds, in compliance with the Charter Township's investment policy and Public Act 20 as amended.

## **Risk Management**

Canton Township is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 1,170 Michigan local government units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, Canton has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$250,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA risk control staff. The Charter Township is also self-insured for our workers' compensation coverage. We utilize Broadspire as a third-party administrator of our workers' compensation program. Working with the Alexsis professional staff, we conduct an active risk management program with regard to reducing on-the-job injuries. This program includes safety training, employee safety committees, wellness programs, employee fitness programs, safety inspections, and aggressive claims management.

## **Independent Audit**

State law requires an annual audit of the Charter Township's financial records and transactions by an independent certified accountant. This has been done for Canton Township by Plante & Moran, PLLC. They have given the Charter Township an "unqualified opinion," which is the best opinion an organization can receive on its financial statements. This indicates that Plante & Moran, PLLC has found nothing to cause them to believe that the financial statements are not fairly stated in all material respects.

A single audit was also performed by Plante & Moran, PLLC and is under separate cover.

## **Achievements and Awards**

Canton was once again one of the safest communities in the United States, ranking in the top 20 for the fifth consecutive year. The finance and budget department was recognized again for outstanding financial reporting. The department also received recognition from the National Purchasing Institute, receiving the Achievement of Excellence in Procurement Award. Canton Cable Television was the recipient of a number of awards by the National Association of Telecommunications Officers and Advisors.



Canton's strengths continue to be exceptional strategic planning, as well as strong financial management; sound finances with surpluses and significant fund balances stimulated by economic growth; low tax rates and strengthened wealth levels among its residents. For the 14<sup>th</sup> consecutive year, the Charter Township has achieved national recognition from the Government Finance Officers' Association (GFOA). Canton received a GFOA Certificate of Achievement for Excellence in Financial Reporting for Canton's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005.

### **Acknowledgments**

I would like to take this opportunity to thank all those who assisted in the preparation of this document, especially the finance and budget staff. Its completion represents the hard work of many individuals, without whom it would not be possible to present this report. Their professionalism and expertise is greatly appreciated by the organization. Given the extraordinary growth of Canton, the demands placed on our finance department have increased dramatically, but we continue to provide an extremely high level of service. I would also like to express my appreciation to the Township board for their continued support of the finance and budget department.

Readers may also want to refer to the management's discussion and analysis for further information.

Sincerely,



Thomas J. Yack  
Canton Supervisor



Richard A. Eva  
Director of Finance and Budget

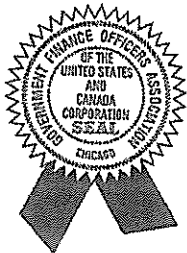
# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Charter Township of Canton Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



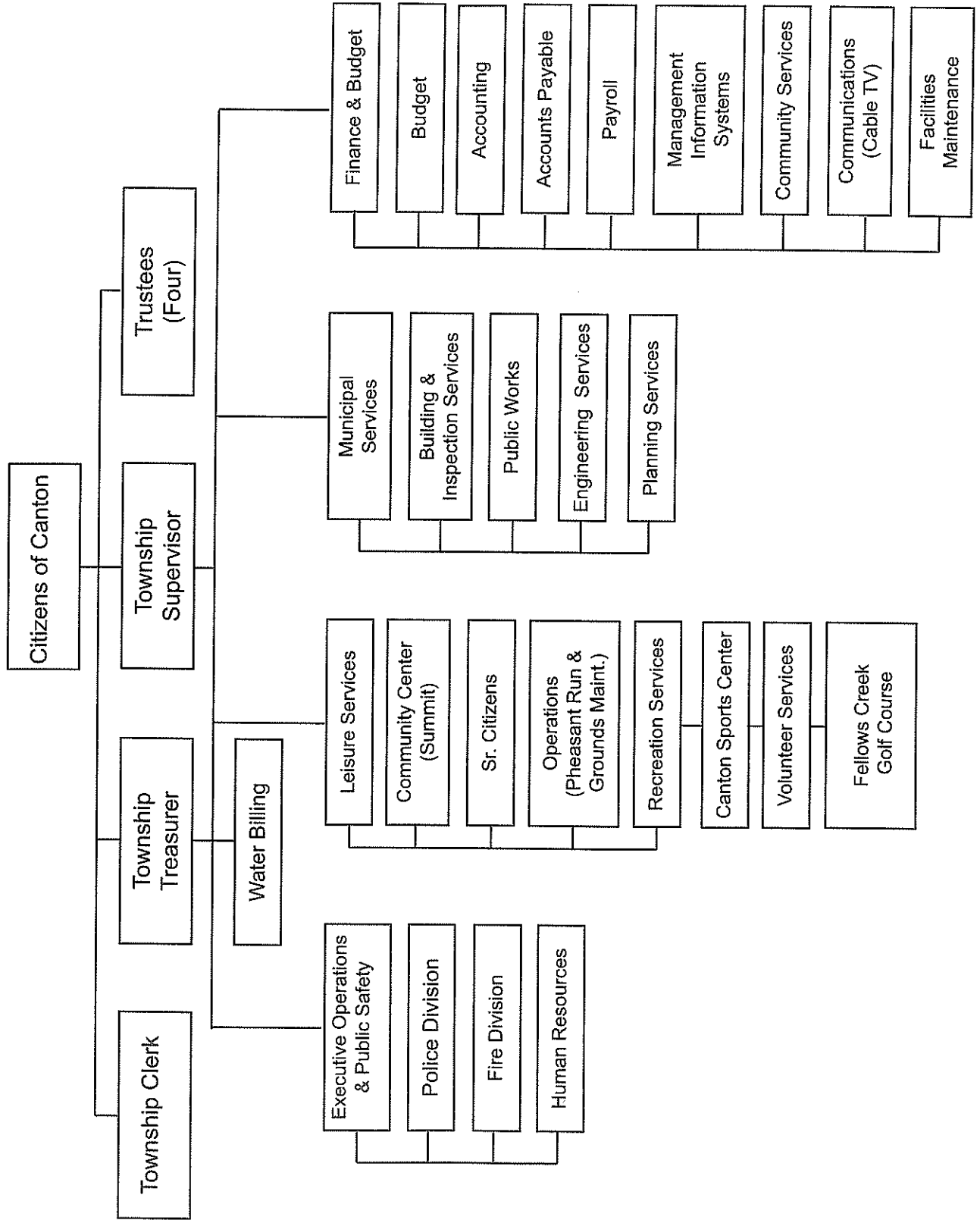
A handwritten signature in cursive script, appearing to read "Thomas J. Hawn".

President

A handwritten signature in cursive script, appearing to read "Jeffrey R. Emer".

Executive Director

# CHARTER TOWNSHIP OF CANTON



# Charter Township of Canton

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## List of Principal Officials as of December 31, 2006

### Supervisor's Office

Supervisor	Thomas Yack
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### Clerk's Office

Clerk	Terry G. Bennett
Deputy Clerk	Pam Popejoy

### Treasurer's Office

Treasurer	Elaine Kirchgatter
Assistant Deputy Treasurer	Bruce Malinczak

### Finance and Budget Division

Director	Richard A. Eva, Jr.
Accounting Manager	Karen H. Fox
Budget and Water Billing Manager	John Spencer
Community Services Manager	Mike Ager
Information Technology Manager	Vacant

### Municipal Services Department

Director	Timothy Faas
Building Official	John Weyer
Township Engineer	Thomas Casari
Community Planner	Jeffrey Goulet

### Leisure Services Department

Director	Ann Conklin
Chief of Recreation and Facilities	Debra Bilbrey-Honsowetz
Chief of Parks	Brad Sharp

### Executive Operations and Public Safety Department

Director	John Santomauro
Deputy Chief	Alexander Wilson
Deputy Chief	Laura Golles
Fire Chief	Michael Rorabacher
Fire Marshall	Frank Barrett
Human Resources Manager	David Medley

# Charter Township of Canton

## Labor Agreements as of December 31, 2006

Bargaining Unit	Expiration Date	Number of Employees
Police:		
Deputy chiefs	12/31/09	2
Sergeants and lieutenants	12/31/09	15
Police Officers Association of Michigan - Represents police officers and dispatchers	06/30/08	79
International Association of Firefighters - Represents firefighters	06/30/08	52
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/08	62
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	03/31/09	<u>61</u>
Total		<u><u>271</u></u>

# Charter Township of Canton

## Summary of Personnel - Budgeted Positions As of December 31, 2006

	Full-time	Part-time
Supervisor's Office	3	1
Economic Development	1	1
Clerk's Office	6	-
Treasurer's Office	6	-
Executive Operations and Public Safety:		
Fire	69	-
Police	114	1
Human Resources	5	1
Finance and Budget:		
Finance and Budget	11	-
Information Technology Systems	7	-
Community Services	3	1
Cable Television	5	3
Facilities Maintenance	17	-
Utility Billing	4	-
Municipal Services:		
Director's Office	3	-
Building and Inspection Services	12	1
Engineering Services	21	1
Planning Services	7	-
Public Works	36	1
Leisure Services:		
Director's Offices	7	1
Parks Division	13	-
Summit Community Center	6	1
Pheasant Run Golf Course	3	-
Parks and Recreation	10	-
Softball Center	3	1
Performing Arts	1	-
Administrative Services	3	-
Total budgeted employees	<u>376</u>	<u>14</u>

# Charter Township of Canton

## Fund Organization Chart

Fund Name	Fund Number
<b>Governmental Funds</b>	
<b>General Fund</b>	101
<b>Special Revenue Funds</b>	
Police	207
Fire	206
Public Improvement	245
Community Improvement	246
Special Investigation	266, 267, & 289
Community Center	208
Street Lighting	219
Community Development Block Grant	274
Cable TV	230
911 Service	261
<b>Debt Service Funds</b>	
Building Authority	369
Beck Road Paving	864
South Haggerty Paving	865
Koppernick Corporate Park, Sewer, Water Main, and Paving	852
Tonquish Creek Storm Sewer	854
Saltz Road	873
Lotz Road Paving	874
Cherry Hill Road Paving	875
Denton Road Paving	876
<b>Capital Projects Funds</b>	
Road Paving	403
Building Construction	402
Saltz Road Paving	803
Lotz Road Paving	804
Cherry Hill Road	815

# Charter Township of Canton

## Fund Organization Chart (Continued)

Fund Name	Fund Number
<b>Proprietary Fund</b>	
<b>Enterprise Fund</b>	
Water and Sewer	592
Golf Course	584 & 469
<b>Fiduciary Funds</b>	
<b>Trust and Agency Funds</b>	
Tax Collections	703
Other Agency	701-702
Postemployment Benefits	736





**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

## Independent Auditor's Report

To the Township Board  
Charter Township of Canton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2006, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Township Board  
Charter Township of Canton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2007 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

May 7, 2007

# Charter Township of Canton

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## Management's Discussion and Analysis

### Overview of the Financial Statements

Canton's 2006 annual report is presented in conformity with the requirements of GASB 34, as it was in 2005 and 2004. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplementary information, other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

### Government-wide Statements

The government-wide statements report information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Charter Township's net assets and how they have changed. Net assets, the difference between the Charter Township's assets and liabilities, are one way to measure the Charter Township's financial health or position.

The government-wide financial statements of the Charter Township are divided into three categories:

- **Governmental Activities** - Most of the Charter Township's basic services are included here, such as the police, fire, public works, leisure services, and general administration. Property taxes, state-shared revenue, charges for services, and two special operating millages provide most of the funding.
- **Business-type Activities** - The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system and golf operations are treated as business-type activities.
- **Component Units** - The Charter Township includes one other entity in its report, the Canton Downtown Development Authority. Although legally separate, this "component unit" is important because the Charter Township is financially accountable for them, including debt, which was issued on behalf of the authorities by the Charter Township.

# Charter Township of Canton

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## Management's Discussion and Analysis (Continued)

### Fund Financial Statements

The fund financial statements provide more detailed information about the Charter Township's most significant funds - not the Charter Township as a whole. Funds are accounting devices that the Charter Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. The Charter Township board establishes other funds to control and manage money for particular purposes.

The Charter Township has three types of funds:

- **Governmental Funds** - Most of the Charter Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter Township's programs.
- **Proprietary Funds** - Services for which the Charter Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Charter Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Charter Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Charter Township's government-wide financial statements because the Charter Township cannot use these assets to finance its operations.

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

### Financial Overview

The Charter Township has combined total net assets of \$223 million. This is a decrease from 2005 of \$4.1 million. Business-type activities comprise \$143.8 million, and governmental activities make up \$79.2 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current and other assets	\$ 70,957,472	\$ 71,490,506	\$ 24,377,482	\$ 32,570,993	\$ 95,334,954	\$ 104,061,499
Noncurrent assets	5,274,843	7,214,754	-	-	5,274,843	7,214,754
Capital assets and investments in joint ventures	83,625,413	81,605,542	132,305,842	129,038,694	215,931,255	210,644,236
Total assets	159,857,728	160,310,802	156,683,324	161,609,687	316,541,052	321,920,489
<b>Liabilities</b>						
Current liabilities	37,845,756	35,985,886	4,074,629	5,337,595	41,920,385	41,323,481
Long-term liabilities	42,796,108	45,391,219	8,781,910	8,125,411	51,578,018	53,516,630
Total liabilities	80,641,864	81,377,105	12,856,539	13,463,006	93,498,403	94,840,111
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	47,200,269	45,205,467	91,906,737	91,961,552	139,107,006	137,167,019
Restricted:						
Police and fire	6,038,974	7,200,449	-	-	6,038,974	7,200,449
Western Wayne Criminal Investigation	1,350,770	1,455,081	-	-	1,350,770	1,455,081
Street lighting	19,423	5,325	-	-	19,423	5,325
911 activities	1,455,384	1,156,440	-	-	1,455,384	1,156,440
Debt service	6,821,460	1,862,445	1,487	4,462	6,822,947	1,866,907
Unrestricted	16,329,584	22,048,490	51,918,561	56,180,667	68,248,145	78,229,157
Total net assets	<u>\$ 79,215,864</u>	<u>\$ 78,933,697</u>	<u>\$ 143,826,785</u>	<u>\$ 148,146,681</u>	<u>\$ 223,042,649</u>	<u>\$ 227,080,378</u>

The most significant change was a decrease in the assets of the business-type activities. The primary source of the decrease was related to a decrease in the nonoperating revenue for customer connection fees in the Water and Sewer Fund. Other changes are minimal and balances are fairly consistent with last year.

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2006 and 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 8,000,999	\$ 9,495,363	\$ 22,000,131	\$ 26,959,633	\$ 30,001,130	\$ 36,454,996
Operating grants and contributions	1,995,817	3,263,870	-	-	1,995,817	3,263,870
Capital grants and contributions	596,752	4,390,608	978,084	2,014,599	1,574,836	6,405,207
General revenue:						
Property taxes	8,287,228	7,647,583	-	-	8,287,228	7,647,583
Public safety operating levy	20,489,067	19,533,530	-	-	20,489,067	19,533,530
State-shared revenue	5,958,485	6,018,024	-	-	5,958,485	6,018,024
Franchise fees and royalties	1,331,008	1,233,579	-	-	1,331,008	1,233,579
Investment earnings	2,331,534	1,869,021	1,149,959	694,673	3,481,493	2,563,694
Miscellaneous	1,334,198	1,274,992	10,715	83,865	1,344,913	1,358,857
<b>Total revenue</b>	<b>50,325,088</b>	<b>54,726,570</b>	<b>24,138,889</b>	<b>29,752,770</b>	<b>74,463,977</b>	<b>84,479,340</b>
<b>Program Expenses</b>						
General government	5,569,166	6,705,957	-	-	5,569,166	6,705,957
Public safety	24,188,930	22,262,105	-	-	24,188,930	22,262,105
Public works	5,808,264	7,388,912	-	-	5,808,264	7,388,912
Building, planning, and engineering	3,333,880	3,874,353	-	-	3,333,880	3,874,353
Culture and recreation	7,751,655	8,677,474	-	-	7,751,655	8,677,474
Sanitation	2,874,954	2,664,103	-	-	2,874,954	2,664,103
Interest on long-term debt	256,072	388,909	-	-	256,072	388,909
Water and sewer	-	-	26,528,356	25,846,472	26,528,356	25,846,472
Golf course	-	-	2,190,429	2,371,297	2,190,429	2,371,297
<b>Total program expenses</b>	<b>49,782,921</b>	<b>51,961,813</b>	<b>28,718,785</b>	<b>28,217,769</b>	<b>78,501,706</b>	<b>80,179,582</b>
<b>Excess of Revenue Over (Under) Expenses - Before transfers and special item</b>	<b>542,167</b>	<b>2,764,757</b>	<b>(4,579,896)</b>	<b>1,535,001</b>	<b>(4,037,729)</b>	<b>4,299,758</b>
<b>Special Item - Gain on sale of assets</b>	<b>-</b>	<b>5,635,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,635,111</b>
<b>Transfers</b>	<b>(260,000)</b>	<b>(483,243)</b>	<b>260,000</b>	<b>483,243</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>282,167</b>	<b>7,916,625</b>	<b>(4,319,896)</b>	<b>2,018,244</b>	<b>(4,037,729)</b>	<b>9,934,869</b>
<b>Net Assets - Beginning of year</b>	<b>78,933,697</b>	<b>71,017,072</b>	<b>148,146,681</b>	<b>146,128,437</b>	<b>227,080,378</b>	<b>217,145,509</b>
<b>Net Assets - End of year</b>	<b>\$ 79,215,864</b>	<b>\$ 78,933,697</b>	<b>\$ 143,826,785</b>	<b>\$ 148,146,681</b>	<b>\$ 223,042,649</b>	<b>\$ 227,080,378</b>

### Governmental Activities

Revenues for governmental activities totaled \$50.3 million in 2006. A total of \$8.3 million was in the form of property tax collections, an increase of \$.6 million over 2005. This increase reflects a significant increase in taxable value of \$276 million. The police and fire special assessment millage generated \$20.5 million. State-shared revenues continue to be of concern as the state budget continues to be in crisis with no signs of recovering anytime soon. Other miscellaneous revenues totaled \$1.34 million.

# **Charter Township of Canton**

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## **Management's Discussion and Analysis (Continued)**

### **Business-type Activities**

The Charter Township has two business-type activities. These include the water and sewer operations, and the operating fund for the Pheasant Run and Fellows Creek golf courses. Revenues for business-type activities were \$24.1 million. A total of \$1.5 million was attributable to golf operations. The Charter Township owns two golf courses. The Pheasant Run course is operated by the Charter Township and is an upscale public course. Operating revenues were impacted in 2006 as in 2005 by a downturn in the State of Michigan's economy and poor weather throughout the season. Fellows Creek is leased to an operator, and the lessee pays a fixed fee to the Charter Township. The amount received in 2006 was \$100,000.

The water and sewer operation is much larger. Water is provided to the Charter Township residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with Western Township Utility Authority, Wayne County, and the Ypsilanti Community Utility Authority. The Charter Township is participating in a WTUA/YCUA project to expand the YCUA treatment facilities to ensure continued sewage treatment services for the community.

### **Current Economic Events**

The Charter Township continues to experience good growth in the community. However, housing starts began to decline in late 2005, through 2006 and are continuing into 2007. Retail remains active. Canton was chosen as the only IKEA site in Michigan and it has spurred additional retail investment. Our state equalized value (SEV) is now \$4.610 billion, which is \$757 million more than our taxable value. This is significant because in Michigan, taxes are based on taxable value, not SEV.

Revenue sharing remains to be the most significant budgetary concern at this time. The State of Michigan is experiencing significant structural budget problems, and as they look for solutions, revenue sharing has dwindled. The governor's current budget calls for a level funding for state revenue-sharing payments. These levels continue to be below earlier levels.

The Charter Township raised the local operating millage to 2.36 mills for fiscal year 2004. It will continue at this level, with the rate being reevaluated annually. The increase of .36 mills is not slated for operation, but is targeted at improving road intersections in the community. Our five-year strategic plan helps to guide the community and serve as our operating plan. This plan will serve as our guide as we develop future budget and strategies.

# **Charter Township of Canton**

## **Management's Discussion and Analysis (Continued)**

### **Financial Analysis of Township Funds and Budgets**

The General Fund ended 2006 with a fund balance of \$5.99 million, with \$166,962 reserved for encumbrances. Tax revenue was up due to increased taxable value. The General Fund millage rate remained the same in 2006. Tax collections were \$8.3 million in 2006. This is an increase of \$.64 million over 2005. The amount of state-shared revenue received in 2006 was \$7.2 million, an increase of \$1.0 million over 2005. This is the result of the method the State has taken in making payments. Payments are now electronically distributed, and under the Township's policy, the December payment that use to be received more than 60 days after year end and was not recorded is now being received within the 60-day cutoff. Therefore, we have included an additional payment of \$963,945 in the 2006 revenues. Future revenue sharing is expected to return to the previous \$6.0 million level. Investment income was up over \$154,000 from last year. Expenditures were below final budget by \$2.33 million. This is reflective of adjustments made in operating budgets throughout the General Fund that reduced costs.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent overexpenditures. With that in mind, the General Fund expenditures were 91.4 percent of budget. No major General Fund areas were significantly under or over budget.

Police and fire operations are funded separately through special assessment millages. These funds are expended exclusively for operations of police and fire, respectively. The Police Fund balance is \$3.21 million and the Fire Fund balance is \$2.83 million.

### **Capital Assets and Debt Administration**

The Charter Township started and continued several capital projects in 2006. Projects that were in progress include new maintenance buildings at Victory and Heritage Park, intersection improvements at Canton Center and Geddes, Saltz and Sheldon and Sheldon, and Cherry Hill Road, and improvements at Fellows Creek Golf Course. A lower River Rouge trail system was in the planning stages. The Sanitary Sewer Relief project was started in 2005 and is in the design phase. Readers of this report should refer to the notes section for more detailed information regarding long-term debt and capital.

### **Contact Us**

This report is intended to aid our residents and other interested parties in understanding the Charter Township's financial condition. Should you have further questions, please contact the finance and budget department at the Canton administration building.



# Charter Township of Canton

## Statement of Net Assets December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 25,537,144	\$ 1,194,115	\$ 26,731,259	\$ 4,957,501
Investments (Note 3)	16,188,755	18,068,304	34,257,059	-
Receivables - Net:				
Property taxes	15,172,815	-	15,172,815	1,106,350
Customers	-	5,501,261	5,501,261	-
Special assessments	5,387,532	-	5,387,532	-
Accrued interest and other receivables	960,985	124,523	1,085,508	11,648
Internal balances	2,758,742	(2,758,742)	-	-
Due from other governmental units	1,787,956	57,835	1,845,791	1,047,976
Other assets	2,798,024	95,256	2,893,280	26,500
Inventories	-	532,930	532,930	-
Restricted assets (Note 8)	365,519	1,551,737	1,917,256	8,553,189
Investment in joint venture (Note 13):				
35th District Courthouse Authority	1,762,351	-	1,762,351	-
Western Townships Utilities Authority (WTUA)	-	33,300,660	33,300,660	-
Capital lease receivable	5,274,843	-	5,274,843	-
Nondepreciable capital assets (Note 4)	16,810,563	10,829,383	27,639,946	254,496
Depreciable capital assets - Net (Note 4)	65,052,499	88,175,799	153,228,298	2,731,751
Net unamortized bond issuance costs	-	10,263	10,263	59,748
<b>Total assets</b>	<b>159,857,728</b>	<b>156,683,324</b>	<b>316,541,052</b>	<b>18,749,159</b>
<b>Liabilities</b>				
Accounts payable	1,823,763	1,757,373	3,581,136	154,850
Accrued and other liabilities	1,677,401	372,850	2,050,251	311,475
Cash bonds and deposits	2,230,639	1,791,224	4,021,863	-
Current liabilities payable from restricted assets (Note 8)	-	141,488	141,488	-
Unearned revenue (Note 5):				
Special assessments	240,351	-	240,351	-
Property taxes and other	31,873,602	-	31,873,602	2,154,327
Noncurrent liabilities:				
Due within one year (Note 7):				
Bond and other contractual obligations	2,577,665	612,490	3,190,155	524,828
Other long-term obligations	1,168,653	79,308	1,247,961	-
Due in more than one year (Note 7):				
Bond and other contractual obligations	37,064,655	7,703,163	44,767,818	9,265,172
Other long-term obligations	1,985,135	386,949	2,372,084	-
Net unamortized bond issuance premium	-	11,694	11,694	70,950
<b>Total liabilities</b>	<b>80,641,864</b>	<b>12,856,539</b>	<b>93,498,403</b>	<b>12,481,602</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	47,200,269	91,906,737	139,107,006	1,749,436
Restricted:				
Police and Fire	6,038,974	-	6,038,974	-
Western Wayne Criminal Investigation	1,350,770	-	1,350,770	-
Street lighting	19,423	-	19,423	-
911 activities	1,455,384	-	1,455,384	-
Debt service	6,821,460	1,487	6,822,947	-
Unrestricted	16,329,584	51,918,561	68,248,145	4,518,121
<b>Total net assets</b>	<b>\$ 79,215,864</b>	<b>\$ 143,826,785</b>	<b>\$ 223,042,649</b>	<b>\$ 6,267,557</b>

# Charter Township of Canton

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,569,166	\$ 699,201	\$ 421,502	\$ -
Public safety	24,188,930	986,337	1,155,175	-
Public works	5,808,264	-	-	275,681
Building, planning, and engineering	3,333,880	2,776,429	185,931	321,071
Culture and recreation	7,751,655	3,539,032	233,209	-
Sanitation	2,874,954	-	-	-
Interest on long-term debt	256,072	-	-	-
Total governmental activities	49,782,921	8,000,999	1,995,817	596,752
Business-type activities:				
Water and sewer	26,528,356	20,559,380	-	978,084
Golf course	2,190,429	1,440,751	-	-
Total primary government	<u>\$ 78,501,706</u>	<u>\$ 30,001,130</u>	<u>\$ 1,995,817</u>	<u>\$ 1,574,836</u>
Component unit - Downtown Development Authority	<u>\$ 1,091,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Public safety operating levy				
Captured taxes				
State-shared revenues (unrestricted)				
Royalties				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets</b> - Beginning of year				
<b>Net Assets</b> - End of year				

**Statement of Activities**  
**Year Ended December 31, 2006**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,448,463)	\$ -	\$ (4,448,463)	\$ -
(22,047,418)	-	(22,047,418)	-
(5,532,583)	-	(5,532,583)	-
(50,449)	-	(50,449)	-
(3,979,414)	-	(3,979,414)	-
(2,874,954)	-	(2,874,954)	-
(256,072)	-	(256,072)	-
(39,189,353)	-	(39,189,353)	-
-	(4,990,892)	(4,990,892)	-
-	(749,678)	(749,678)	-
(39,189,353)	(5,740,570)	(44,929,923)	-
-	-	-	(1,091,992)
8,287,228	-	8,287,228	-
20,489,067	-	20,489,067	-
-	-	-	1,817,888
5,958,485	-	5,958,485	-
1,331,008	-	1,331,008	-
2,331,534	1,149,959	3,481,493	212,256
1,334,198	10,715	1,344,913	136,878
(260,000)	260,000	-	-
39,471,520	1,420,674	40,892,194	2,167,022
282,167	(4,319,896)	(4,037,729)	1,075,030
78,933,697	148,146,681	227,080,378	5,192,527
<b>\$ 79,215,864</b>	<b>\$ 143,826,785</b>	<b>\$ 223,042,649</b>	<b>\$ 6,267,557</b>

# Charter Township of Canton

	General	Police	Fire	Public Improvement
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 7,559,052	\$ 6,321,139	\$ 3,182,865	\$ 3,953,875
Investments (Note 3)	1,546,325	4,474,379	4,830,772	1,731,636
Receivables - Net:				
Property taxes	4,597,938	6,606,753	3,968,124	-
Special assessments	20,914	-	-	-
Accrued interest and other receivables	27,214	49,712	40,500	16,538
Other assets	43,397	227,191	211,914	2,557,725
Due from other funds (Note 6)	3,267,342	348,871	161	-
Due from other governmental units	1,198,529	170	3,623	-
Restricted assets (Note 8)	-	-	-	-
Total assets	<b>\$ 18,260,711</b>	<b>\$ 18,028,215</b>	<b>\$ 12,237,959</b>	<b>\$ 8,259,774</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 651,440	\$ 158,176	\$ 337,333	\$ -
Accrued and other liabilities	241,655	538,025	202,174	-
Due to other funds (Note 6)	138,296	43,353	417,001	285,859
Due to other governmental units	58,184	-	-	-
Cash bonds and deposits	2,230,639	-	-	-
Deferred revenue (Note 5):				
Special assessments	18,646	-	-	-
Property taxes and other	8,925,625	14,076,583	8,454,555	2,557,725
Total liabilities	12,264,485	14,816,137	9,411,063	2,843,584
<b>Fund Balances</b>				
Reserved for encumbrances	166,962	77,324	5,560	-
Unreserved, reported in:				
General Fund:				
Designated for capital outlay	1,409,419	-	-	-
Undesignated	4,419,845	-	-	-
Special Revenue Funds	-	3,134,754	2,821,336	5,416,190
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Total fund balances	5,996,226	3,212,078	2,826,896	5,416,190
Total liabilities and fund balances	<b>\$ 18,260,711</b>	<b>\$ 18,028,215</b>	<b>\$ 12,237,959</b>	<b>\$ 8,259,774</b>

**Governmental Funds  
Balance Sheet  
December 31, 2006**

Community Improvement	Community Center	Cable TV	Building Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 161,571	\$ 60,562	\$ 260,528	\$ -	\$ 4,037,552	\$ 25,537,144
-	-	1,607,677	-	1,997,966	16,188,755
-	-	-	-	-	15,172,815
-	-	-	-	5,366,618	5,387,532
290,646	-	279,375	-	257,000	960,985
-	8,624	-	-	-	3,048,851
333,159	136,304	-	1,190	420,419	4,507,446
-	-	-	-	585,634	1,787,956
-	-	-	-	365,519	365,519
<b>\$ 785,376</b>	<b>\$ 205,490</b>	<b>\$ 2,147,580</b>	<b>\$ 1,190</b>	<b>\$ 13,030,708</b>	<b>\$ 72,957,003</b>
\$ 75,539	\$ 77,937	\$ 5,913	\$ 1,190	\$ 516,235	\$ 1,823,763
-	26,016	5,458	-	248,837	1,262,165
260,000	13,722	24	-	590,449	1,748,704
-	-	-	-	-	58,184
-	-	-	-	-	2,230,639
-	-	-	-	5,094,023	5,112,669
-	-	-	-	496,839	34,511,327
335,539	117,675	11,395	1,190	6,946,383	46,747,451
285,955	1,160	-	-	619,777	1,156,738
-	-	-	-	-	1,409,419
-	-	-	-	-	4,419,845
163,882	86,655	2,136,185	-	2,821,128	16,580,130
-	-	-	-	1,680,983	1,680,983
-	-	-	-	962,437	962,437
449,837	87,815	2,136,185	-	6,084,325	26,209,552
<b>\$ 785,376</b>	<b>\$ 205,490</b>	<b>\$ 2,147,580</b>	<b>\$ 1,190</b>	<b>\$ 13,030,708</b>	<b>\$ 72,957,003</b>

# Charter Township of Canton

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## Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended December 31, 2006

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 26,209,552</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	81,863,062
Capital lease receivable from the Library is not a financial resource and is not reported in the funds	5,274,843
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(39,642,320)
Interest amounts on long-term liabilities are not payable until due in the funds	(357,052)
Prepaid debt service	(250,827)
Land contract receivables expected to be collected in the future	2,557,725
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	4,952,318
Compensated absences are not due and payable in the current period and are not reported in the funds	(2,371,318)
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(782,470)
Investment in joint venture is not a financial resource and is not reported in the funds	<u>1,762,351</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 79,215,864</u></b>

# Charter Township of Canton

	General	Police	Fire	Public Improvement
<b>Revenue</b>				
Property taxes	\$ 8,287,228	\$ 13,453,806	\$ 7,035,261	\$ -
Licenses and permits	1,126,088	58,066	-	-
Federal sources	73,517	71,583	26,251	-
State sources	7,174,560	51,035	7,050	-
Charges for services	4,185,674	124,828	672,063	-
Court fees	48,986	-	-	-
Administration charges	4,389,119	-	-	-
Special assessments	-	-	-	-
Royalties	-	-	-	-
Contributions from other governmental units	-	-	-	-
Summit recreation fees	-	-	-	-
Other revenues	1,071,214	677,024	349,219	451,111
Total revenue	26,356,386	14,436,342	8,089,844	451,111
<b>Expenditures</b>				
Current:				
General government	6,714,855	-	-	-
Public safety	78,150	13,431,294	10,256,367	-
Public services	7,892,887	-	-	-
Recreation	4,484,345	-	-	-
Sanitation	3,297,460	-	-	-
Other	-	-	-	16,527
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	22,467,697	13,431,294	10,256,367	16,527
<b>Excess of Revenue Over (Under) Expenditures</b>	3,888,689	1,005,048	(2,166,523)	434,584
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	1,409,419	-	-	-
Transfers out (Note 6)	(2,456,318)	-	-	(1,525,859)
Total other financing sources (uses)	(1,046,899)	-	-	(1,525,859)
<b>Net Change in Fund Balances</b>	2,841,790	1,005,048	(2,166,523)	(1,091,275)
<b>Fund Balances - Beginning of year</b>	3,154,436	2,207,030	4,993,419	6,507,465
<b>Fund Balances - End of year</b>	<u>\$ 5,996,226</u>	<u>\$ 3,212,078</u>	<u>\$ 2,826,896</u>	<u>\$ 5,416,190</u>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Year Ended December 31, 2006**

Community Improvement	Community Center	Cable TV	Building Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,776,295
-	-	-	-	-	1,184,154
-	-	-	-	576,035	747,386
-	-	-	-	467,016	7,699,661
-	-	-	-	372,640	5,355,205
-	-	-	-	-	48,986
-	445,547	-	-	-	4,834,666
-	-	-	-	730,565	730,565
1,331,008	-	927,186	-	-	2,258,194
-	-	-	-	515,300	515,300
-	965,942	-	-	-	965,942
13,723	502,175	103,812	45,589	863,287	4,077,154
1,344,731	1,913,664	1,030,998	45,589	3,524,843	57,193,508
2,687,122	-	-	-	300,825	9,702,802
-	-	-	-	1,077,263	24,843,074
-	-	-	-	224,908	8,117,795
-	2,432,161	-	-	-	6,916,506
-	-	-	-	-	3,297,460
-	-	1,076,105	-	-	1,092,632
-	-	-	80,525	1,365,965	1,446,490
-	-	-	-	2,406,471	2,406,471
2,687,122	2,432,161	1,076,105	80,525	5,375,432	57,823,230
(1,342,391)	(518,497)	(45,107)	(34,936)	(1,850,589)	(629,722)
1,525,859	614,385	-	-	2,124,687	5,674,350
(260,000)	(94,465)	-	(1,409,419)	(188,289)	(5,934,350)
1,265,859	519,920	-	(1,409,419)	1,936,398	(260,000)
(76,532)	1,423	(45,107)	(1,444,355)	85,809	(889,722)
526,369	86,392	2,181,292	1,444,355	5,998,516	27,099,274
<b>\$ 449,837</b>	<b>\$ 87,815</b>	<b>\$ 2,136,185</b>	<b>\$ -</b>	<b>\$ 6,084,325</b>	<b>\$ 26,209,552</b>



# Charter Township of Canton

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2006**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (889,722)**

Amounts reported for governmental activities in the statement of activities  
are different because:

Certain revenue reported in the statement of activities in previous  
years did not provide current financial resources in the  
governmental funds until the current year (1,001,174)

Governmental funds report capital outlays as expenditures; in the  
statement of activities, these costs are allocated over their  
estimated useful lives as depreciation 273,823

Governmental funds report proceeds from fixed asset disposals; in the  
statement of activities, losses on disposals are reported (16,303)

Repayment of bond principal and amortization of deferred costs of  
financing are expenditures in the governmental funds,  
but not in the statement of activities (where it reduces long-term debt) 2,679,701

Accrued interest is an expenditure in the statement of activities, but not  
in the governmental funds 96,104

Change in land contract for principal payments received (24,568)

Prepaid interest is an expenditure in the statement of activities, but not  
in the governmental funds (36,908)

Governmental activities record payments received as a reduction in the  
capital lease receivable; governmental funds record as revenue  
when received (277,517)

Accumulated employee sick and vacation pay is recorded when  
earned in the statement of activities 149,618

Special assessment revenues are recorded in the statement of activities  
when the assessment is earned (i.e., work is substantially complete);  
they are not reported in the funds until collected or collectible within  
60 days of year end (250,949)

Grant monies recorded when earned in the statement of activities  
that did not provide current financial resources (71,768)

The change in equity interest in 35th District Courthouse Authority is  
not reported in the governmental funds 99,957

Change in self-insurance liabilities (448,127)

**Change in Net Assets of Governmental Activities** **\$ 282,167**

# Charter Township of Canton

## Proprietary Funds Statement of Net Assets December 31, 2006

	Enterprise - Water and Sewer	Golf Course	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 1,127,553	\$ 66,562	\$ 1,194,115
Investments (Note 3)	18,068,304	-	18,068,304
Receivables:			
Customers	5,501,261	-	5,501,261
Accrued interest and other receivables	124,523	-	124,523
Other assets	92,378	2,878	95,256
Due from other funds (Note 6)	1,635,049	260,000	1,895,049
Due from other governmental units	28,927	28,908	57,835
Inventories	510,471	22,459	532,930
Restricted assets (Note 8)	142,975	1,408,762	1,551,737
Total current assets	27,231,441	1,789,569	29,021,010
Noncurrent assets:			
Net unamortized bond issuance costs	-	10,263	10,263
Investment in joint venture - Western Townships			
Utilities Authority (WTUA) (Note 13)	33,300,660	-	33,300,660
Nondepreciable capital assets (Note 4)	1,499,017	9,330,366	10,829,383
Depreciable capital assets - Net (Note 4)	85,149,629	3,026,170	88,175,799
Total noncurrent assets	119,949,306	12,366,799	132,316,105
Total assets	147,180,747	14,156,368	161,337,115
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,650,939	106,434	1,757,373
Accrued and other liabilities	306,965	65,885	372,850
Cash bonds and deposits	1,791,224	-	1,791,224
Due to other funds (Note 6)	2,942,110	1,711,681	4,653,791
Current liabilities payable from restricted assets (Note 8)	141,488	-	141,488
Current portion of long-term liabilities (Note 7)	204,308	487,490	691,798
Total current liabilities	7,037,034	2,371,490	9,408,524
Noncurrent liabilities:			
Net unamortized bond issuance premium	-	11,694	11,694
Provision for compensated absences	51,603	-	51,603
Provision for uninsured losses	308,518	26,828	335,346
Long-term liabilities - Net of current portion (Note 7)	535,000	7,168,163	7,703,163
Total noncurrent liabilities	895,121	7,206,685	8,101,806
Total liabilities	7,932,155	9,578,175	17,510,330
<b>Net Assets</b>			
Investment in capital assets - Net of related debt	85,988,646	5,918,091	91,906,737
Restricted - Debt service	1,487	-	1,487
Unrestricted	53,258,459	(1,339,898)	51,918,561
Total net assets	\$ 139,248,592	\$ 4,578,193	\$ 143,826,785

# Charter Township of Canton

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2006

	Enterprise - Water and Sewer	Golf Course	Total
<b>Operating Revenue</b>			
Sale of water	\$ 8,248,480	\$ -	\$ 8,248,480
Sewage disposal revenues	9,756,870	-	9,756,870
Service charges	299,097	-	299,097
Greens fees and cart rentals	-	1,078,212	1,078,212
Operating lease	-	100,000	100,000
Other revenues	785,702	266,975	1,052,677
Total operating revenue	19,090,149	1,445,187	20,535,336
<b>Operating Expenses</b>			
Recreation	-	1,509,384	1,509,384
Salaries and wages	2,043,096	-	2,043,096
Payroll taxes and fringe benefits	843,149	-	843,149
Insurance	533,522	-	533,522
Supplies	99,713	-	99,713
Engineering fees	85,102	-	85,102
Professional services	255,233	-	255,233
Vehicle expense	133,691	-	133,691
Water purchases	6,856,476	-	6,856,476
Sewage disposal charges	6,487,646	-	6,487,646
Maintenance	504,757	-	504,757
Administration charges	1,981,114	-	1,981,114
Depreciation (Note 4)	2,608,692	305,017	2,913,709
Other expenses	1,923,211	2,500	1,925,711
Total operating expenses	24,355,402	1,816,901	26,172,303
<b>Operating Loss</b>	(5,265,253)	(371,714)	(5,636,967)
<b>Nonoperating Revenue (Expenses)</b>			
Customer connection fees	1,475,510	-	1,475,510
Investment income	1,113,507	36,452	1,149,959
Interest expense	(2,172,954)	(373,528)	(2,546,482)
<b>Operating Loss Before Contributions</b>	(4,849,190)	(708,790)	(5,557,980)
<b>Capital Contributions</b> - Lines constructed by developers	978,084	-	978,084
<b>Transfers from Other Funds</b> (Note 6)	-	260,000	260,000
<b>Change in Net Assets</b>	(3,871,106)	(448,790)	(4,319,896)
<b>Net Assets</b> - Beginning of year	143,119,698	5,026,983	148,146,681
<b>Net Assets</b> - End of year	<u>\$ 139,248,592</u>	<u>\$ 4,578,193</u>	<u>\$ 143,826,785</u>

# Charter Township of Canton

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2006

	Enterprise - Water and Sewer	Enterprise - Golf Course	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 17,746,596	\$ 1,345,187	\$ 19,091,783
Payments to suppliers and vendors	(15,881,015)	(1,412,134)	(17,293,149)
Payments to employees	(2,695,812)	44,525	(2,651,287)
Payments connected with interfund services	(1,018,023)	-	(1,018,023)
Other receipts (payments)	(1,134,319)	68,592	(1,065,727)
Net cash provided by (used in) operating activities	(2,982,573)	46,170	(2,936,403)
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers from other funds	-	170,654	170,654
<b>Cash Flows from Capital and Related Financing Activities</b>			
Investment in joint venture	(4,335,925)	-	(4,335,925)
Purchase of capital assets	(835,111)	(184,377)	(1,019,488)
Connection fees	1,475,510	-	1,475,510
Proceeds from issuance of debt	-	1,360,000	1,360,000
Principal and interest paid on capital debt	(2,441,454)	(1,114,401)	(3,555,855)
Net cash provided by (used in) capital and related financing activities	(6,136,980)	61,222	(6,075,758)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	780,698	36,452	817,150
Purchase of investment securities	(2,267,000)	-	(2,267,000)
Sale of investment securities	11,359,624	-	11,359,624
Net cash provided by investing activities	9,873,322	36,452	9,909,774
<b>Net Increase in Cash and Cash Equivalents</b>	753,769	314,498	1,068,267
<b>Cash and Cash Equivalents</b> - Beginning of year	516,759	1,160,826	1,677,585
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 1,270,528</u>	<u>\$ 1,475,324</u>	<u>\$ 2,745,852</u>
<b>Statement of Net Assets Classification of Cash and Cash Equivalents</b>			
Cash and cash equivalents	\$ 1,127,553	\$ 66,562	\$ 1,194,115
Restricted assets (Note 8)	142,975	1,408,762	1,551,737
Total cash and cash equivalents	<u>\$ 1,270,528</u>	<u>\$ 1,475,324</u>	<u>\$ 2,745,852</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (5,265,253)	\$ (371,714)	\$ (5,636,967)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	2,608,692	305,017	2,913,709
Loss on disposal of assets	3,190	-	3,190
Changes in assets and liabilities:			
Receivables	(315,573)	-	(315,573)
Due from other funds	(855,558)	-	(855,558)
Due from other governmental units	(13,773)	(28,908)	(42,681)
Inventory	184,581	(5,101)	179,480
Other assets	(43,286)	9,991	(33,295)
Accounts payable	(240,413)	92,360	(148,053)
Accrued and other liabilities	(911,869)	31,040	(880,829)
Cash bonds and deposits	(242,278)	-	(242,278)
Provisions for compensated absences and uninsured losses	290,318	13,485	303,803
Due to other funds	1,818,649	-	1,818,649
Net cash provided by (used in) operating activities	<u>\$ (2,982,573)</u>	<u>\$ 46,170</u>	<u>\$ (2,936,403)</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2006, developers constructed water and sewer lines with an estimated value of \$978,084 and donated them to the Charter Township's Water and Sewer Fund. The Township's Water and Sewer Fund also recognized an unrealized gain on investments of \$369,514.

# Charter Township of Canton

## Fiduciary Funds Statement of Net Assets December 31, 2006

	Pension and Other Employee Benefits Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 3,386,113	\$ 17,498,849
Receivables - Accrued interest and other	13,377	-
Total assets	3,399,490	<u><u>\$ 17,498,849</u></u>
<b>Liabilities</b>		
Cash bonds and deposits	-	\$ 280,531
Due to other governmental units	-	17,218,318
Accounts payable	25,349	-
Total liabilities	25,349	<u><u>\$ 17,498,849</u></u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits	<u><u>\$ 3,374,141</u></u>	

# Charter Township of Canton

## **Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2006**

	<u>Pension and Other Employee Benefits Fund</u>
<b>Additions</b>	
Contributions (Employer only)	\$ 939,466
Investment income - Interest and dividends	<u>292,843</u>
Total additions	1,232,309
<b>Deductions - Benefit payments</b>	<u>626,008</u>
<b>Net Increase</b>	606,301
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>2,767,840</u>
End of year	<u><u>\$ 3,374,141</u></u>

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2006**

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Charter Township of Canton (the "Charter Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Canton:

### **Reporting Entity**

The Charter Township of Canton is governed by an elected seven-member board of trustees. The accompanying financial statements present the Charter Township and its component units, entities for which the Charter Township is considered to be financially accountable.

**Blended Charter Township Building Authority** - The Charter Township Building Authority (the "Building Authority") is governed by a board that is appointed by the Charter Township supervisor and approved by the board of trustees. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Charter Township's public buildings. The Building Authority's net assets and activities have been included as a Capital Project Fund.

**Discretely Presented Component Unit** - The following component unit is reported within the component unit column in the combined financial statements. It is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Charter Township. The Charter Township has the ability to impose its will upon the Downtown Development Authority (DDA).

The DDA was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the district. The DDA's governing body, which consists of 11 individuals, is selected by the Charter Township supervisor. Although no separate financial statements are prepared for this component unit, all financial information can be obtained from the Charter Township's finance department. The Charter Township has the ability to impose its will upon the DDA.

Financial statements for the DDA are available during office hours at the Charter Township of Canton, 1150 S. Canton Center Road, Canton, MI 48188.

The Canton Public Library (the "Library") is not a component unit and has not been included in the Charter Township's financial statements. The Library holds its own cash and investments in accounts separate from the control of the Charter Township treasurer. The Library Board is elected directly, and it is fiscally independent.

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Street Lighting Fund has a "service type" special assessment that is billed in 2006 for services performed in 2007. Therefore, the revenue is recognized in 2007 and classified as unearned revenue within the government-wide statements.

The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township reports the following major governmental funds:

- The General Fund is the Charter Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund is a full-service department consisting of 79 sworn personnel and 36 civilian employees. The main source of revenue for the police department comes from a voter-approved special assessment on all real property.
- The Fire Fund has a full-service fire department consisting of 52 sworn fire personnel and three support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the fire department comes from a voter-approved special assessment on real property.
- The Public Improvement Fund accounts for special community projects such as road improvements and building construction. Revenues come from property sales and General Fund contributions.

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

- The Community Improvement Fund accounts for royalty payments for solid waste deposited in two privately owned landfills in the Charter Township, although only one remains open at this time. The money from this fund is used to fund community improvements and recreation projects, not for operations.
- The Community Center Fund accounts for the activity of Canton's Summit on the Park. Revenue consists primarily of user charges associated with the athletic center and rentals from the banquet facility.
- The Cable TV Fund accounts for royalty revenues and expenditures related to cable TV operations. Franchise fee revenues are paid to the Charter Township based on a percentage of cable TV subscriber fees. Expenditures in this fund are to provide for local cable TV programming services.
- The Building Construction Fund accounts for all Charter Township construction activity that is not funded by the Building Authority Bonds.

The Charter Township reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.
- The Golf Course Fund accounts for the activities of both the Fellows Creek Golf Course and the Pheasant Run Golf Course. Revenue from both courses is combined to fund overall golf operations.

Additionally, the Charter Township reports the following fund types:

- The Postemployment Benefit Fund accounts for the accumulation of resources to provide for retiree health insurance premium costs.
- Agency Funds account for assets held by the Charter Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Charter Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with proprietary funds' principal on-going operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Charter Township's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Charter Township's 2005 tax is levied and collectible on December 1, 2005 and is recognized as revenue in the year ended December 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

The 2005 taxable valuation of the Charter Township totaled approximately \$3,522 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.3660 mills for operating purposes, 2.1580 mills for fire operating services, and 4.1260 mills for police operating. This resulted in approximately \$8.3 million for operating, \$7.0 million for fire operating, and \$13.5 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

#### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The county contract related to bonds of the Water and Sewer Fund requires amounts to be set aside for debt service principal and interest. These amounts have been classified as restricted assets. The Charter Township has also restricted assets in the governmental activities for unspent bond proceeds and contributions from developers. Additionally, the component unit also has restricted assets for unspent bond proceeds.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road rights, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following useful lives:

Infrastructure	25 years
Buildings and improvements	40 years
Vehicles	5 years
Furniture, fixtures, and equipment	7 to 15 years
Computer equipment	3 to 5 years
Land improvements	15 years
Water and sewer distribution systems	50 years

**Compensated Absences** - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds as it comes due for payment (when employees terminate).

**Long-term Obligations** - Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Net Assets** - In the government-wide financial statements, net assets that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net assets as of December 31, 2006:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Western Wayne Criminal Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Street Lighting** - Special assessment tax levy to fund street lighting program

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

- **911 Activities** - Fees collected to fund 911 activities
- **Debt Service** - Amounts remaining from debt issuance related to special assessments and amounts collected from residents in special assessment districts that must be used to service the related outstanding debt

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### Note 2 - Stewardship, Compliance, and Accountability

**State Construction Code Act** - The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative shortfall is as follows:

Cumulative shortfall at January 1, 2006		\$ (2,609,206)
Building permit revenue		1,101,796
Related expenses:		
Direct costs	\$ 1,686,825	
Estimated indirect costs	<u>1,014,104</u>	
Total construction code expenses		<u>2,700,929</u>
Cumulative shortfall at December 31, 2006		<u>\$ (4,208,339)</u>

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Postemployment Benefits Fund is also authorized to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated 16 banks for the deposit of its funds. The investment policy adopted by the Charter Township in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The treasurer may invest in investment pools organized under the Local Government Investment Pool Act of 1985 and under the Urban Cooperation Act of 1967. For mutual funds, the treasurer may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pools and mutual funds whose intent is to maintain a net asset value of \$1.00 per share and allows for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

The Charter Township's cash and investments are subject to several types of risk, which are examined in more detail below:

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 3 - Deposits and Investments (Continued)

#### Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had \$54,802,968 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$2,680,042 of uninsured and uncollateralized bank deposits. In addition, the Charter Township has \$3,554,345 of negotiable certificates of deposit, of which \$1,399,699 is FDIC insured. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Charter Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
<b>Government-wide</b>		
Money markets	\$ 3,411,115	0 months
Federal National Mortgage Association	5,264,930	4.5 months
Federal Home Loan Bank	20,394,742	8.0 months
Federal Home Loan Mortgage Corporation	1,943,582	7.9 months
Negotiable certificates of deposit	3,554,345	5.5 months
U.S. Treasury	22,510	3.1 years
<b>Component Unit</b>		
Money markets	459,710	0 months
Federal National Mortgage Association	995,630	3.9 years
Federal Home Loan Bank	666,650	9.8 months



# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 3 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Government-wide</b>			
Money market	\$ 1,287,410	Unrated	N/A
Money market	2,247,384	AAA	S&P
Federal National Mortgage Association	5,264,930	AAA	S&P
Pooled investments	109,314	Unrated	N/A
Federal Home Loan Mortgage Corporation	1,943,582	AAA	S&P
J Funds	70,018	AI	S&P
Negotiable certificates of deposit	3,554,345	Unrated	N/A
Federal Home Loan Bank	20,394,742	AAA	S&P
<b>Component Unit</b>			
Money market	459,710	AAA	S&P
Federal National Mortgage Association	995,630	AAA	S&P
Federal Home Loan Bank	666,650	AAA	S&P

The above amounts do not include approximately \$2,676,000 of investments in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle which are held in a separate reserve but invested on a pooled basis by MERS with other governmental units.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

	Balance January 1, 2006	Additions	Disposals	Balance December 31, 2006
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 15,653,102	\$ 344,396	\$ -	\$ 15,997,498
Construction in progress	29,075	783,990	-	813,065
Subtotal	15,682,177	1,128,386	-	16,810,563
Capital assets being depreciated:				
Infrastructure	11,271,971	1,151,842	-	12,423,813
Buildings and improvements	61,821,293	44,083	-	61,865,376
Vehicles	6,916,244	1,676,073	(40,756)	8,551,561
Furniture, fixtures, and equipment	13,682,985	209,377	(8,835)	13,883,527
Computer equipment	1,373,000	108,986	(32,188)	1,449,798
Subtotal	95,065,493	3,190,361	(81,779)	98,174,075
Accumulated depreciation:				
Infrastructure	5,560,836	509,529	-	6,070,365
Buildings and improvements	9,817,857	1,551,197	-	11,369,054
Vehicles	4,916,095	733,404	(24,454)	5,625,045
Furniture, fixtures, and equipment	7,889,816	964,734	(8,835)	8,845,715
Computer equipment	957,524	286,060	(32,187)	1,211,397
Subtotal	29,142,128	4,044,924	(65,476)	33,121,576
Net capital assets being depreciated	65,923,365	(854,563)	(16,303)	65,052,499
Net governmental capital assets	<u>\$ 81,605,542</u>	<u>\$ 273,823</u>	<u>\$ (16,303)</u>	<u>\$ 81,863,062</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance January 1, 2006	Additions	Adjustments	Disposals	Balance December 31, 2006
Capital assets not being depreciated:					
Land	\$ 10,701,413	\$ -	\$ -	\$ -	\$ 10,701,413
Construction in progress	<u>2,644,318</u>	<u>749,391</u>	<u>(3,265,739)</u>	<u>-</u>	<u>127,970</u>
Subtotal	13,345,731	749,391	(3,265,739)	-	10,829,383
Capital assets being depreciated:					
Land improvements	1,356,181	42,410	-	-	1,398,591
Water and sewer distribution systems	109,739,471	978,083	3,265,739	-	113,983,293
Buildings and building improvements	10,295,331	-	-	(19,241)	10,276,090
Vehicles and equipment	5,936,052	205,696	-	-	6,141,748
Office furnishings	2,060,451	21,057	-	-	2,081,508
Computer equipment	<u>66,682</u>	<u>935</u>	<u>-</u>	<u>-</u>	<u>67,617</u>
Subtotal	129,454,168	1,248,181	3,265,739	(19,241)	133,948,847
Accumulated depreciation:					
Land improvements	915,035	82,308	-	-	997,343
Water and sewer distribution systems	33,794,082	2,153,314	-	-	35,947,396
Buildings and building improvements	1,944,684	272,399	-	(16,051)	2,201,032
Vehicles and equipment	4,640,239	291,262	-	-	4,931,501
Office furnishings	1,521,639	101,955	-	-	1,623,594
Computer equipment	<u>59,711</u>	<u>12,471</u>	<u>-</u>	<u>-</u>	<u>72,182</u>
Subtotal	<u>42,875,390</u>	<u>2,913,709</u>	<u>-</u>	<u>(16,051)</u>	<u>45,773,048</u>
Net capital assets being depreciated	<u>86,578,778</u>	<u>(1,665,528)</u>	<u>3,265,739</u>	<u>(3,190)</u>	<u>88,175,799</u>
Net business-type capital assets	<u>\$ 99,924,509</u>	<u>\$ (916,137)</u>	<u>\$ -</u>	<u>\$ (3,190)</u>	<u>\$ 99,005,182</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets (Continued)

Capital asset activity of the Charter Township's component unit was as follows:

Component Unit	Balance January 1, 2006	Additions	Disposals	Balance December 31, 2006
Capital assets not being depreciated -				
Construction in progress	\$ -	\$ 254,496	\$ -	\$ 254,496
Capital assets being depreciated:				
Infrastructure	1,216,623	144,937	-	1,361,560
Buildings	13,258	-	-	13,258
Furniture, fixtures, and equipment	2,930,352	506,540	-	3,436,892
Subtotal	4,160,233	651,477	-	4,811,710
Accumulated depreciation:				
Infrastructure	361,789	71,743	-	433,532
Buildings	331	331	-	662
Furniture, fixtures, and equipment	1,458,224	187,541	-	1,645,765
Subtotal	1,820,344	259,615	-	2,079,959
Net capital assets being depreciated	2,339,889	391,862	-	2,731,751
Net component unit capital assets	<u>\$ 2,339,889</u>	<u>\$ 646,358</u>	<u>\$ -</u>	<u>\$ 2,986,247</u>

Depreciation expense was charged to programs of the primary government as follows:

#### Governmental activities:

General government	\$ 793,175
Public safety	1,125,377
Public works	715,526
Building, planning, and engineering	97,045
Recreation and culture	1,313,801
Total governmental activities	<u>\$ 4,044,924</u>

#### Business-type activities:

Water and sewer	\$ 2,608,692
Golf course	305,017
Total business-type activities	<u>\$ 2,913,709</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets (Continued)

**Construction Commitments** - The Charter Township has active construction projects at year end related primarily to the expansion of the parks/golf maintenance building and the victory park facility as well as construction of two intersections. At year end, the Charter Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Fellows Creek Golf Course	\$ 133,598	\$ 1,266,402
Parks maintenance building	834,628	218,327
Intersection projects	1,192,083	478,119
Other	344,123	267,779
Total	<u>\$ 2,504,432</u>	<u>\$ 2,230,627</u>

### Note 5 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Special assessments	\$ 4,872,318	\$ 240,351	\$ 5,112,669
Property taxes and other	<u>2,637,725</u>	<u>31,873,602</u>	<u>34,511,327</u>
Total	<u>\$ 7,510,043</u>	<u>\$ 32,113,953</u>	<u>\$ 39,623,996</u>

The component unit reported unearned property tax revenue in the amount of \$2,154,327.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Police	\$ 10,030
	Community Center	8,070
	Water and Sewer	2,942,110
	Nonmajor governmental funds	<u>307,132</u>
	Total General Fund	3,267,342
Special Revenue Funds:		
Fire	Community Center	69
	Golf Course	<u>92</u>
	Total Fire	161
Police	Fire	348,814
	Community Center	<u>57</u>
	Total Police	348,871
Community Center	Golf Course	136,304
Community Improvement	Fire	47,300
	Public Improvement	<u>285,859</u>
	Total Community Improvement	333,159
Building Construction	General	1,190
Nonmajor governmental funds	General	137,106
	Cable TV	24
	Nonmajor governmental funds	<u>283,289</u>
	Total nonmajor governmental funds	<u>420,419</u>
	Total governmental funds	4,507,446

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Receivable Fund	Payable Fund	Amount
Due to/from other funds (Continued):		
Enterprise Funds -		
Water and Sewer	Fire	\$ 20,887
	Police	33,323
	Golf Course	1,575,285
	Community Center	5,526
	Nonmajor governmental funds	<u>28</u>
	Total Water and Sewer	1,635,049
Golf Course	Community Improvement	<u>260,000</u>
	Total Enterprise funds	<u>1,895,049</u>
	Total	<u>\$ 6,402,495</u>

These balances result from the time lag between the dates that good and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund statements were as follows:

Fund Transferred From	Fund Transferred To	Amount
General	Community Center (1)	\$ 614,385
	Nonmajor governmental funds (2,3)	<u>1,841,933</u>
	Total General Fund	2,456,318
Community Improvement	Golf Course (1)	260,000
Community Center	Nonmajor governmental funds (3)	94,465
Building Construction	General Fund (2)	1,409,419
Public Improvement	Community Improvement (2)	1,525,859
Nonmajor governmental funds	Nonmajor governmental funds (3)	<u>188,289</u>
	Total governmental funds	<u>\$ 5,934,350</u>

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers for capital improvements
- (3) Transfers for debt service

### Note 7 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements are also general obligations of the Charter Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Charter Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.



# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
1998 Building Authority Bonds (Softball Center):							
Amount of issue - \$2,500,000							
Maturing through 2008	3.75%	\$300,000	\$ 900,000	\$ -	\$ (300,000)	\$ 600,000	\$ 300,000
1999 (Refunded Bonds) Building Authority Bonds (Library)*:							
Amount of issue - \$6,000,000							
Maturing through 2020	5.20%	\$250,000	750,000	-	(250,000)	500,000	250,000
2000 (Refunded Bonds) Building Authority Recreation Bonds							
(debt issue split between governmental and							
business-type activities):							
Amount of issue - \$2,100,000	4.75% -	\$70,000-					
Maturing through 2020	6.75%	\$105,000	420,000	-	(70,000)	350,000	70,000
Limited Tax General Obligations:							
2003 Capital Improvement (Limited Tax):							
Amount of issue - \$23,000,000	2.50% -	\$550,000 -					
Maturing through 2023	4.50%	\$2,100,000	22,250,000	-	(450,000)	21,800,000	550,000
Limited Tax General Obligations Series 2003:							
Amount of issue - \$2,675,000	2.50% -	\$207,807 -					
Maturing through 2016	3.90%	\$297,475	2,473,305		(423,762)	2,049,543	207,807
2004 Capital Improvement (Limited Tax) - Fire Station:							
Amount of issue - \$2,500,000	3.00% -	\$200,000 -					
Maturing through 2014	3.65%	\$325,000	2,350,000	-	(200,000)	2,150,000	200,000
Limited Tax General Obligation Refunding Bonds,							
Series 2005 (debt issue split between governmental							
and business-type activities)							
Amount of issue - \$9,450,000	2.65%-	\$30,250-					
Maturing through 2020	4.50%	\$681,500	6,473,500	-	(30,250)	6,443,250	30,250
Deferred cost of financing			(455,865)		30,392	(425,473)	(30,392)
Special Assessment Bonds:							
1996 Special Assessment Bonds:							
Amount of issue - \$1,590,000							
Maturing through 2006	4.375%	\$200,000	200,000	-	(200,000)	-	-
1997 Special Assessment Bonds:							
Amount of issue - \$2,140,000							
Maturing through 2007	5.00%	\$200,000	400,000	-	(200,000)	200,000	200,000
1998 Special Assessment Bonds:							
Amount of issue - \$3,480,000		\$375,000 -					
Maturing through 2008	3.65%	\$400,000	1,175,000	-	(400,000)	775,000	400,000
2004 Special Assessment Bond:							
Amount of issue - \$4,100,000	3.00% -	\$50,000 -					
Maturing through 2018	4.25%	\$400,000	4,100,000	-	(400,000)	3,700,000	400,000
2004 Special Assessment Bond:							
Amount of issue - \$1,500,000 ***							
Maturing through 2011	5.45%	\$500,000	1,500,000	-	-	1,500,000	-
Total bond obligations			42,535,940	-	(2,893,620)	39,642,320	2,577,665
Other long-term obligations:							
Accumulated employee benefits**			2,520,936	2,072,438	(2,222,056)	2,371,318	1,168,653
Provision for uninsured losses**			334,343	448,127	-	782,470	-
Total other long-term obligations			2,855,279	2,520,565	(2,222,056)	3,153,788	1,168,653
Total governmental activities			45,391,219	2,520,565	(5,115,676)	42,796,108	3,746,318

\* The Library Building Authority bonds debt service requirements are being provided by the Canton Township Library. The Charter Township and the Library have entered into an agreement that calls for annual payments from the Library equal to the debt service requirements on the bonds. A portion of the bond was refunded during the year ended December 31, 2005, although it did not change the terms of the capital lease. A capital lease for \$5,274,843 has been recorded at December 31, 2006.

\*\* For the governmental activities, accumulated benefits and provision for uninsured losses are normally liquidated by the General Fund, Police Fund, and Fire Fund. See also Note 9.

\*\*\* Bonds have a variable interest rate; the rate was 5.450% as of December 31, 2006 and is determined by the prime rate.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
General Obligation Bonds:							
Building Authority Recreation Bonds, Series 2000 (Refunded Bonds) (debt issue split between governmental and business-type activities):							
Amount of issue - \$3,900,000	4.75% -	\$130,000 -					
Maturing through 2020	6.75%	\$195,000	\$ 780,000	\$ -	\$ (130,000)	\$ 650,000	\$ 130,000
Building Authority Limited Tax GO Bonds:							
Amount of issue - \$3,890,000	2.50% -	\$302,193 -					
Maturing through 2016	3.90%	\$482,525	3,596,694	-	(616,237)	2,980,457	302,193
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities):							
Amount of issue - \$9,450,000	2.65%-	\$9,750-					
Maturing through 2020	4.50%	\$383,500	2,866,500	-	(9,750)	2,856,750	9,750
Deferred cost of financing			(205,237)		13,683	(191,554)	(13,683)
Limited Tax General Obligation Refunding Bonds, Series 2006 (debt issue split between business-type and component unit activities):							
Amount of issue - \$1,360,000	4.00%	\$55,172 -					
Maturing through 2018		\$165,517	-	1,360,000		1,360,000	59,230
County contractual obligations:							
Wayne County Metropolitan Sewage Disposal System Bonds							
Amount of issue - \$2,500,000	4.25% -						
Maturing through 2007	5.00%	\$140,000	280,000	-	(140,000)	140,000	140,000
Michigan State Revolving Loan Fund: Amount of issue - \$2,295,000							
Maturing through 2012	2.00%	\$125,000 - \$140,000	785,000	-	(125,000)	660,000	125,000
Total bonds and other contractual obligations			8,102,957	1,360,000	(1,007,304)	8,455,653	752,490
Less current portion payable from restricted assets			140,000	-	-	140,000	140,000
Total bonds and other contractual obligations, net of current portion			7,962,957	1,360,000	(1,007,304)	8,315,653	612,490
Other long-term obligations:							
Accumulated employee benefits			105,622	238,561	(213,272)	130,911	79,308
Provision for uninsured losses			56,832	-	278,514	335,346	-
Total other long-term obligations			162,454	238,561	65,242	466,257	79,308
Total business-type activities			8,125,411	1,598,561	(942,062)	8,781,910	691,798
Total governmental and business-type activities			\$ 53,516,630	\$ 4,119,126	\$ (6,057,738)	\$ 51,578,018	\$ 4,438,116
<b>Component Unit</b>							
General obligation bonds:							
1994 Downtown Development Bonds:							
Amount of issue - \$850,000	5.70% -	\$80,000 -					
Maturing through 2009	5.85%	\$95,000	\$ 340,000	\$ -	\$ (75,000)	\$ 265,000	\$ 80,000
1999 Downtown Development Bonds:							
Amount of issue - \$1,500,000	4.00% -	\$100,000 -					
Maturing through 2014	4.60%	\$150,000	1,125,000	-	(100,000)	1,025,000	100,000
2006 Downtown Development Bonds (debt issue split between business-type and component unit activities):							
Amount of issue - \$8,500,000	4.00% -	\$344,828 - \$1,034,483					
Maturing through 2018			-	8,500,000	-	8,500,000	344,828
Total component unit bond obligations			\$ 1,465,000	\$ 8,500,000	\$ (175,000)	\$ 9,790,000	\$ 524,828

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds, contractual, and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 2,608,057	\$ 1,472,742	\$ 4,080,799	\$ 766,173	\$ 328,988	\$ 1,095,161	\$ 524,828	\$ 510,700	\$ 1,035,528
2008	2,456,669	1,385,600	3,842,269	664,446	300,726	965,172	534,828	473,308	1,008,136
2009	2,518,340	1,312,380	3,830,720	735,625	273,865	1,009,490	651,034	438,680	1,089,714
2010	2,647,139	1,248,147	3,895,286	808,551	249,280	1,057,831	629,310	314,011	943,321
2011	2,813,437	1,176,286	3,989,723	853,114	221,011	1,074,125	728,448	286,294	1,014,742
2012-2016	11,747,651	4,547,215	16,294,866	3,129,762	668,970	3,798,732	4,652,586	883,130	5,535,716
2017-2021	11,176,500	2,304,712	13,481,212	1,689,536	154,941	1,844,477	2,068,966	82,759	2,151,725
2022-2023	4,100,000	276,496	4,376,496	-	-	-	-	-	-
Total	\$ 40,067,793	\$ 13,723,578	\$ 53,791,371	\$ 8,647,207	\$ 2,197,781	\$ 10,844,988	\$ 9,790,000	\$ 2,988,882	\$ 12,778,882

**Defeased Debt** - In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2006, \$9,075,000 of bonds outstanding are considered defeased.

### Note 8 - Restricted Assets

The balance of restricted assets is as follows:

	Governmental Activities	Business-type Activities	Component Units
Cash and equivalents:			
Contributions from developers	\$ 365,519	\$ -	\$ -
Unspent bond proceeds	-	1,408,762	8,553,189
Bond reserves	-	142,975	-
Total	\$ 365,519	\$ 1,551,737	\$ 8,553,189

The business-type net assets have been restricted in the amount of \$1,487 for the net amount of current maturities of long-term debt and restricted bond reserves.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal Risk Management Authority for claims relating to property and general liability. The Charter Township is uninsured for employee injuries (workers' compensation).

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Charter Township.

The Charter Township estimates the liability for property loss, general liability, and employee injuries claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported.

Changes in the estimated liability for the past two fiscal years were as follows:

	2006	2005
Estimated liability - Beginning of year	\$ 391,175	\$ 479,673
Estimated claims incurred, including changes in estimates	1,160,133	173,743
Claim payments, administration fees, and excess payments	(433,491)	(262,241)
Estimated liability - End of year	<u>\$ 1,117,817</u>	<u>\$ 391,175</u>

# **Charter Township of Canton**

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## **Notes to Financial Statements December 31, 2006**

### **Note 10 - Defined Contribution Retirement Plan**

The Charter Township participates in the Charter Township of Canton Retirement Plan, a defined contribution plan, which is administered by The Charles Schwab Trust Co. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the date of employment. As established by the Charter Township Board, the Charter Township contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$1,078,000 during the current year, and employees contributed approximately \$359,000.

### **Note 11 - Defined Benefit Pension Plan**

The Charter Township participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit plan that covers all nonunion and union employees that choose to participate by majority vote. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

#### **Funding Policy**

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Charter Township's board of trustees and requires a contribution from the employees of 5 percent of gross wages and a contribution from the employer ranging from 6.42 percent to 15.79 percent of participating employees' gross wages depending on their membership agreement.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 11 - Defined Benefit Pension Plan (Continued)

#### Annual Pension Cost

For the year ended December 31, 2006, the Charter Township's annual pension cost of \$2,613,122 for the plan was equal to the required and actual contribution. The 2006 annual required contribution was determined as part of the actuarial valuation as of December 31, 2004, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Additional actuarial information for the Municipal Employees' Retirement System of Michigan is as follows:

	Year Ended December 31		
	2006	2005	2004
Annual pension cost (APC)	\$ 2,613,122	\$ 1,247,800	\$ 697,085
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

	December 31		
	2005	2004	2003
Actuarial value of assets	\$ 27,793,881	\$ 25,045,702	\$ 22,143,453
Actuarial accrued liability (AAL) (entry age)	\$ 35,268,889	\$ 31,978,973	\$ 26,889,198
Unfunded AAL (UAAL)	\$ 7,475,008	\$ 6,933,271	\$ 4,745,745
Funded ratio	78.81%	78.32%	82.35%
Covered payroll	\$ 9,019,572	\$ 8,384,603	\$ 7,988,306
UAAL as a percentage of covered payroll	82.88%	82.69%	59.41%

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### **Note 12 - Postemployment Benefits**

The Charter Township provides health care benefits to certain full-time employees, based on age and years of service, upon retirement in accordance with labor contracts. Currently, 71 retirees are eligible. The Charter Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contributions required by the participants. The Charter Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due. Postemployment benefits paid during the current year amounted to approximately \$626,000.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

### **Note 13 - Joint Ventures**

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township paid approximately \$12,414,000 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

# **Charter Township of Canton**

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## **Notes to Financial Statements December 31, 2006**

### **Note 13 - Joint Ventures (Continued)**

The Charter Township is a member of the 35<sup>th</sup> District Court System and has an equity interest in the 35<sup>th</sup> District Courthouse Authority (the "Courthouse"), which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$3,350,000 at December 31, 2006, of which the Charter Township guarantees 47 percent, or \$1,574,500. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

### **Note 14 - Subsequent Events**

During the 2006 fiscal year, the Township board of trustees approved the issuance of new general obligation capital improvement bonds in the amount of \$40,000,000 for the purpose of paying the cost of acquiring and constructing water and sewer improvements to the Township. The Township anticipates that these bonds will be issued in mid-2007.



## **Required Supplemental Information**

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# Charter Township of Canton

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 8,325,981	\$ 8,234,781	\$ 8,287,228	\$ 52,447
Licenses and permits	2,828,500	1,175,600	1,126,088	(49,512)
Federal sources	76,050	73,600	73,517	(83)
State sources	6,307,469	6,268,569	7,174,560	905,991
Charges for services	4,380,115	4,564,715	4,185,674	(379,041)
Court fees	225,000	50,000	48,986	(1,014)
Administration charges	4,635,482	4,406,182	4,389,119	(17,063)
Interest and other	770,134	1,078,784	1,071,214	(7,570)
Transfers in	25,000	1,425,000	1,409,419	(15,581)
Total revenues	<u>\$ 27,573,731</u>	<u>\$ 27,277,231</u>	<u>\$ 27,765,805</u>	<u>\$ 488,574</u>
<b>Expenditures</b>				
General government	\$ 7,458,477	\$ 7,584,867	\$ 6,714,855	\$ 870,012
Public safety	80,500	80,500	78,150	2,350
Public services	9,009,670	8,802,913	7,892,887	910,026
Recreation	4,706,625	4,792,859	4,484,345	308,514
Sanitation	3,522,820	3,539,891	3,297,460	242,431
Transfers out	2,739,758	2,456,328	2,456,318	10
Transfer to fund balance	55,881	19,873	2,841,790	(2,821,917)
Total expenditures	<u>\$ 27,573,731</u>	<u>\$ 27,277,231</u>	<u>\$ 27,765,805</u>	<u>\$ (488,574)</u>

# Charter Township of Canton

	Police			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 13,584,482	\$ 13,508,782	\$ 13,453,806	\$ (54,976)
Licenses and permits	55,900	55,900	58,066	2,166
Federal sources	-	60,317	71,583	11,266
State sources	48,768	61,768	51,035	(10,733)
Charges for services	34,000	122,650	124,828	2,178
Administrative charges	-	-	-	-
Royalties	-	-	-	-
Summit recreational fees	-	-	-	-
Interest and other	231,000	637,177	677,024	39,847
Transfers in	-	-	-	-
Fund balance appropriation	-	-	-	-
Total revenues	<u>\$ 13,954,150</u>	<u>\$ 14,446,594</u>	<u>\$ 14,436,342</u>	<u>\$ (10,252)</u>
<b>Expenditures</b>				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	13,181,888	13,913,791	13,431,294	482,497
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	-	-	-	-
Transfer to fund balance	772,262	532,803	1,005,048	(472,245)
Total expenditures	<u>\$ 13,954,150</u>	<u>\$ 14,446,594</u>	<u>\$ 14,436,342</u>	<u>\$ 10,252</u>

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**Year Ended December 31, 2006**

Fire				Public Improvement			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ 7,136,487	\$ 7,065,187	\$ 7,035,261	\$ (29,926)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
12,600	12,600	26,251	13,651	-	-	-	-
4,300	4,300	7,050	2,750	-	-	-	-
590,000	650,000	672,063	22,063	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
126,000	284,395	349,219	64,824	1,010,000	1,010,000	451,111	(558,889)
-	-	-	-	-	-	-	-
2,019,713	2,529,690	2,166,523	(363,167)	439,226	734,563	1,091,275	356,712
<b>\$ 9,889,100</b>	<b>\$ 10,546,172</b>	<b>\$ 10,256,367</b>	<b>\$ (289,805)</b>	<b>\$ 1,449,226</b>	<b>\$ 1,744,563</b>	<b>\$ 1,542,386</b>	<b>\$ (202,177)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,889,100	10,546,172	10,256,367	289,805	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,000	19,478	16,527	2,951
-	-	-	-	1,439,226	1,725,085	1,525,859	199,226
-	-	-	-	-	-	-	-
<b>\$ 9,889,100</b>	<b>\$ 10,546,172</b>	<b>\$ 10,256,367</b>	<b>\$ 289,805</b>	<b>\$ 1,449,226</b>	<b>\$ 1,744,563</b>	<b>\$ 1,542,386</b>	<b>\$ 202,177</b>

# Charter Township of Canton

	Community Improvement			Variance With
	Original Budget	Final Budget	Actual	Final Budget
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal sources	300,000	300,000	-	(300,000)
State sources	-	-	-	-
Charges for services	-	-	-	-
Administrative charges	-	-	-	-
Royalties	1,300,000	1,300,000	1,331,008	31,008
Summit recreational fees	-	-	-	-
Interest and other	18,000	17,900	13,723	(4,177)
Transfers in	1,989,226	2,275,085	1,525,859	(749,226)
Fund balance appropriation	-	2,275	76,532	74,257
Total revenues	<b>\$ 3,607,226</b>	<b>\$ 3,895,260</b>	<b>\$ 2,947,122</b>	<b>\$ (948,138)</b>
<b>Expenditures</b>				
General government	\$ 3,347,226	\$ 3,635,260	\$ 2,687,122	\$ 948,138
Public safety	-	-	-	-
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	260,000	260,000	260,000	-
Transfer to fund balance	-	-	-	-
Total expenditures	<b>\$ 3,607,226</b>	<b>\$ 3,895,260</b>	<b>\$ 2,947,122</b>	<b>\$ 948,138</b>

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**(Continued)**  
**Year Ended December 31, 2006**

Community Center				Cable TV			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
445,547	445,547	445,547	-	-	-	-	-
-	-	-	-	800,000	800,000	927,186	127,186
880,000	880,000	965,942	85,942	-	-	-	-
1,436,000	626,000	502,175	(123,825)	31,000	31,000	103,812	72,812
510,600	614,385	614,385	-	-	-	-	-
-	-	-	-	297,541	298,411	45,107	(253,304)
<b>\$ 3,272,147</b>	<b>\$ 2,565,932</b>	<b>\$ 2,528,049</b>	<b>\$ (37,883)</b>	<b>\$ 1,128,541</b>	<b>\$ 1,129,411</b>	<b>\$ 1,076,105</b>	<b>\$ (53,306)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,108,127	2,463,025	2,432,161	30,864	-	-	-	-
-	-	-	-	1,128,541	1,129,411	1,076,105	53,306
164,020	94,508	94,465	43	-	-	-	-
-	8,399	1,423	6,976	-	-	-	-
<b>\$ 3,272,147</b>	<b>\$ 2,565,932</b>	<b>\$ 2,528,049</b>	<b>\$ 37,883</b>	<b>\$ 1,128,541</b>	<b>\$ 1,129,411</b>	<b>\$ 1,076,105</b>	<b>\$ 53,306</b>

# Charter Township of Michigan

## Note to Required Supplemental Information December 31, 2006

### Note - Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds except that fund balance appropriation, proceeds from sale of capital assets, and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

The statement comparing actual to budgeted revenue and expenditures is presented in the format of the operating statement.

Following is a reconciliation of the budget statement of the General Fund and other major Special Revenue Funds to the operating statement:

	Budget Statement	Fund Balance Appropriation	Proceeds from Sale of Capital Assets	Transfers	Operating Statement
General Fund:					
Total revenue	\$ 27,765,805	\$ -	\$ -	\$ (1,409,419)	\$ 26,356,386
Total expenditures	27,765,805	(2,841,790)	-	(2,456,318)	22,467,697
Police Fund - Total expenditures	14,436,342	(1,005,048)	-	-	13,431,294
Fire Fund - Total revenue	10,256,367	(2,166,523)	-	-	8,089,844
Public Improvement Fund:					
Total revenue	1,542,386	(1,091,275)	-	-	451,111
Total expenditures	1,542,386	-	-	1,525,859	16,527
Community Improvement Fund:					
Total revenue	2,947,122	(76,532)	-	(1,525,859)	1,344,731
Total expenditures	2,947,122	-	-	(260,000)	2,687,122
Community Center Fund:					
Total revenue	2,528,049	-	-	(614,385)	1,913,664
Total expenditures	2,528,049	(1,423)	-	(94,465)	2,432,161
Cable TV Fund - Total revenue	1,076,105	(45,107)	-	-	1,030,998

The Charter Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the last Friday in August, the Charter Township Supervisor submits to the board of trustees (the "Board") a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

# Charter Township of Michigan

## Note to Required Supplemental Information December 31, 2006

### Note - Budgetary information (Continued)

- A public hearing is conducted in September to obtain taxpayer comments.
- In October, the budget is legally adopted by the Board through adoption of the appropriation ordinance.
- The Charter Township Supervisor is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budgetary center (activity) must be approved by the Board.

The budgets for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds have been adopted on a fund basis. The General Fund budget-to-actual results are reported at the activity level. The adopted budget is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. The Board must approve all budget amendments made throughout the year. With the exception of the Capital Projects Road Paving Fund, only the amendments and final budgets for the Capital Projects and Debt Service Funds are approved by the Board. Transfers within a fund may be approved by the Charter Township Supervisor. During the current year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Charter Township had significant budget variances in the following funds during the current year:

	Amended Budget	Actual
Special Investigation Special Revenue Fund - Public Safety	\$ 810,827	\$ 924,835
Building Authority Debt Service Fund - Debt Service	712,216	938,240
Saltz Road Paving Capital Projects Fund	3,164	188,289



## **Other Supplemental Information**

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# Charter Township of Canton

	Nonmajor Special Revenue			
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 1,754,019	\$ 195,076	\$ 105,695	\$ 849,727
Investments	117,788	-	-	575,748
Receivables - Net:				
Special assessments	-	83,107	-	-
Accrued interest and other receivables	5,358	-	-	11,392
Due from other funds	-	24	-	20,449
Due from other governmental units	54,698	-	102,258	17,303
Restricted assets	-	-	-	-
Total assets	<u>\$ 1,931,863</u>	<u>\$ 278,207</u>	<u>\$ 207,953</u>	<u>\$ 1,474,619</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 332,228	\$ 18,433	\$ 70,325	\$ 19,235
Accrued and other liabilities	248,837	-	-	-
Due to other funds	28	-	137,628	-
Deferred revenue:				
Special assessment	-	240,351	-	-
Property taxes and other	-	-	-	-
Total liabilities	581,093	258,784	207,953	19,235
<b>Fund Balances</b>				
Reserved for encumbrances	-	-	-	4,449
Unreserved	1,350,770	19,423	-	1,450,935
Total fund balances	1,350,770	19,423	-	1,455,384
Total liabilities and fund balances	<u>\$ 1,931,863</u>	<u>\$ 278,207</u>	<u>\$ 207,953</u>	<u>\$ 1,474,619</u>

**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ 523,650	\$ 2,464	\$ 225,739	\$ 41,546	\$ 10,693	\$ -	\$ 1,786	\$ 581
-	-	-	-	199,786	-	-	-	-
-	-	319,577	265,989	10,549	478,779	1,679,011	729,606	1,800,000
-	-	-	-	8,116	-	-	-	-
-	-	116,657	95,000	-	-	-	188,289	-
-	-	-	-	-	115,955	-	170,850	-
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 523,650</u>	<u>\$ 438,698</u>	<u>\$ 586,728</u>	<u>\$ 259,997</u>	<u>\$ 605,427</u>	<u>\$ 1,679,011</u>	<u>\$ 1,090,531</u>	<u>\$ 1,800,581</u>
\$ -	\$ 10,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	15,000	-	-	-	-	118,041	20,000
-	-	212,526	177,016	4,413	453,748	1,679,011	648,538	1,678,420
-	-	-	-	-	115,955	-	170,850	-
-	10,122	227,526	177,016	4,413	569,703	1,679,011	937,429	1,698,420
-	-	-	-	-	-	-	-	-
-	513,528	211,172	409,712	255,584	35,724	-	153,102	102,161
-	513,528	211,172	409,712	255,584	35,724	-	153,102	102,161
<u>\$ -</u>	<u>\$ 523,650</u>	<u>\$ 438,698</u>	<u>\$ 586,728</u>	<u>\$ 259,997</u>	<u>\$ 605,427</u>	<u>\$ 1,679,011</u>	<u>\$ 1,090,531</u>	<u>\$ 1,800,581</u>

# Charter Township of Canton

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) December 31, 2006

	Nonmajor Capital Projects Funds				
	Road Paving	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 59,514	\$ 42,908	\$ 222,634	\$ 1,520	\$ 4,037,552
Investments	1,104,644	-	-	-	1,997,966
Receivables - Net:					
Special assessments	-	-	-	-	5,366,618
Accrued interest and other receivables	102,100	-	130,034	-	257,000
Due from other funds	-	-	-	-	420,419
Due from other governmental units	124,570	-	-	-	585,634
Restricted assets	-	-	365,519	-	365,519
Total assets	<u>\$ 1,390,828</u>	<u>\$ 42,908</u>	<u>\$ 718,187</u>	<u>\$ 1,520</u>	<u>\$ 13,030,708</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 65,892	\$ -	\$ -	\$ -	\$ 516,235
Accrued and other liabilities	-	-	-	-	248,837
Due to other funds	111,463	-	188,289	-	590,449
Deferred revenue:					
Special assessment	-	-	-	-	5,094,023
Property taxes and other	80,000	-	130,034	-	496,839
Total liabilities	257,355	-	318,323	-	6,946,383
<b>Fund Balances</b>					
Reserve for encumbrance	615,328	-	-	-	619,777
Unreserved	518,145	42,908	399,864	1,520	5,464,548
Total fund balances	1,133,473	42,908	399,864	1,520	6,084,325
Total liabilities and fund balances	<u>\$ 1,390,828</u>	<u>\$ 42,908</u>	<u>\$ 718,187</u>	<u>\$ 1,520</u>	<u>\$ 13,030,708</u>

# Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund
<b>Revenues</b>				
Federal sources	\$ 254,761	\$ -	\$ 300,825	\$ 20,449
State sources	467,016	-	-	-
Charges for services	-	-	-	372,640
Special assessments	-	228,155	-	-
Contributions from other governmental units	-	-	-	-
Interest income	73,011	5,740	-	58,283
Land sales and other	25,736	5,111	-	-
Total revenues	820,524	239,006	300,825	451,372
<b>Expenditures</b>				
Current:				
General government	-	-	300,825	-
Public safety	924,835	-	-	152,428
Public services	-	224,908	-	-
Capital outlay	-	-	-	-
Debt principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	924,835	224,908	300,825	152,428
<b>Excess of Revenues Over (Under) Expenditures</b>	(104,311)	14,098	-	298,944
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>Net Change in Fund Balances</b>	(104,311)	14,098	-	298,944
<b>Fund Balances - Beginning of year</b>	1,455,081	5,325	-	1,156,440
<b>Fund Balances - End of year</b>	<b>\$ 1,350,770</b>	<b>\$ 19,423</b>	<b>\$ -</b>	<b>\$ 1,455,384</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	108,806	153,022	8,895	29,040	-	81,067	121,580
515,300	-	-	-	-	-	-	-	-
-	23,569	13,418	32,086	13,472	24,071	-	49,007	122,577
-	-	-	-	-	-	-	-	-
515,300	23,569	122,224	185,108	22,367	53,111	-	130,074	244,157
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
645,000	200,000	200,000	176,000	224,000	64,390	-	140,488	195,122
293,240	4,375	15,350	15,813	20,124	21,909	-	47,799	66,391
938,240	204,375	215,350	191,813	244,124	86,299	-	188,287	261,513
(422,940)	(180,806)	(93,126)	(6,705)	(221,757)	(33,188)	-	(58,213)	(17,356)
422,940	-	241,400	-	-	-	-	188,289	-
-	-	-	-	-	-	-	-	-
422,940	-	241,400	-	-	-	-	188,289	-
-	(180,806)	148,274	(6,705)	(221,757)	(33,188)	-	130,076	(17,356)
-	694,334	62,898	416,417	477,341	68,912	-	23,026	119,517
\$ -	\$ 513,528	\$ 211,172	\$ 409,712	\$ 255,584	\$ 35,724	\$ -	\$ 153,102	\$ 102,161

# Charter Township of Canton

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

	Nonmajor Capital Project Funds				
	Road Paving	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 576,035
State sources	-	-	-	-	467,016
Charges for services	-	-	-	-	372,640
Special assessments	-	-	-	-	730,565
Contributions from other governmental units	-	-	-	-	515,300
Interest income	58,904	1,881	23,913	67	499,999
Land sales and other	324,570	-	7,871	-	363,288
<b>Total revenues</b>	<b>383,474</b>	<b>1,881</b>	<b>31,784</b>	<b>67</b>	<b>3,524,843</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	300,825
Public safety	-	-	-	-	1,077,263
Public services	-	-	-	-	224,908
Capital outlay	1,365,965	-	-	-	1,365,965
Debt principal payments	-	-	-	-	1,845,000
Interest and fiscal charges	76,470	-	-	-	561,471
<b>Total expenditures</b>	<b>1,442,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,375,432</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,058,961)</b>	<b>1,881</b>	<b>31,784</b>	<b>67</b>	<b>(1,850,589)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,272,058	-	-	-	2,124,687
Transfers out	-	-	(188,289)	-	(188,289)
<b>Total other financing sources (uses)</b>	<b>1,272,058</b>	<b>-</b>	<b>(188,289)</b>	<b>-</b>	<b>1,936,398</b>
<b>Net Change in Fund Balances</b>	<b>213,097</b>	<b>1,881</b>	<b>(156,505)</b>	<b>67</b>	<b>85,809</b>
<b>Fund Balances - Beginning of year</b>	<b>920,376</b>	<b>41,027</b>	<b>556,369</b>	<b>1,453</b>	<b>5,998,516</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,133,473</b>	<b>\$ 42,908</b>	<b>\$ 399,864</b>	<b>\$ 1,520</b>	<b>\$ 6,084,325</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Funds Year Ended December 31, 2006

### Capital Projects - Building Construction

	Building Construction			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Other revenues	\$ -	\$ 36,000	\$ 45,589	\$ 9,589
Fund balance appropriation	-	1,446,970	1,444,355	(2,615)
Total revenues	<u>\$ -</u>	<u>\$ 1,482,970</u>	<u>\$ 1,489,944</u>	<u>\$ 6,974</u>
<b>Expenditures</b>				
Current - Capital outlay	\$ -	\$ 82,970	\$ 80,525	\$ 2,445
Transfers to other funds	-	1,400,000	1,409,419	(9,419)
Total expenditures	<u>\$ -</u>	<u>\$ 1,482,970</u>	<u>\$ 1,489,944</u>	<u>\$ (6,974)</u>



# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2006

### Special Revenue Fund - Special Investigation

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Federal sources	\$ 118,000	\$ 118,000	\$ 254,761	\$ 136,761
State sources	369,036	369,036	467,016	97,980
Interest and other	61,500	61,500	98,747	37,247
Fund balance appropriation	212,507	262,291	104,311	(157,980)
Total revenues	<u>\$ 761,043</u>	<u>\$ 810,827</u>	<u>\$ 924,835</u>	<u>\$ 114,008</u>
<b>Expenditures - Public safety</b>	<u>\$ 761,043</u>	<u>\$ 810,827</u>	<u>\$ 924,835</u>	<u>\$ (114,008)</u>

### Special Revenue Fund - Street Lighting

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 240,000	\$ 240,000	\$ 228,155	\$ (11,845)
Interest income	1,250	1,250	5,740	4,490
Land sales and other	800	4,822	5,111	289
Total revenues	<u>\$ 242,050</u>	<u>\$ 246,072</u>	<u>\$ 239,006</u>	<u>\$ (7,066)</u>
<b>Expenditures - Current expenditures</b>				
Transfer to fund balance	\$ 8,809	\$ 8,542	\$ 14,098	\$ (5,556)
Public services	233,241	237,530	224,908	12,622
Total expenditures	<u>\$ 242,050</u>	<u>\$ 246,072</u>	<u>\$ 239,006</u>	<u>\$ 7,066</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Special Revenue Fund - Community Development Block Grant

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues - Federal sources</b>	<b>\$ 239,222</b>	<b>\$ 597,408</b>	<b>\$ 300,825</b>	<b>\$ (296,583)</b>
<b>Expenditures - General government</b>	<b>\$ 239,222</b>	<b>\$ 597,408</b>	<b>\$ 300,825</b>	<b>\$ 296,583</b>

### Special Revenue Fund - 911 Service

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Federal sources	\$ -	\$ -	\$ 20,449	\$ 20,449
Charges for services	315,000	315,000	372,640	57,640
Interest and other	11,000	11,000	58,283	47,283
Total revenues	<b>\$ 326,000</b>	<b>\$ 326,000</b>	<b>\$ 451,372</b>	<b>\$ 125,372</b>
<b>Expenditures</b>				
Current expenditures - Public safety	\$ 107,575	\$ 181,748	\$ 152,428	\$ 29,320
Transfer to fund balance	218,425	144,252	298,944	(154,692)
Total expenditures	<b>\$ 326,000</b>	<b>\$ 326,000</b>	<b>\$ 451,372</b>	<b>\$ (125,372)</b>

### Debt Service Fund - Building Authority

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Contributions from other governmental units	\$ 289,275	\$ 289,275	\$ 515,300	\$ 226,025
Transfers in	422,941	422,941	422,940	(1)
Total revenues	<b>\$ 712,216</b>	<b>\$ 712,216</b>	<b>\$ 938,240</b>	<b>\$ 226,024</b>
<b>Expenditures</b>				
Debt principal payments	\$ 620,000	\$ 620,000	\$ 645,000	\$ (25,000)
Interest and fiscal charges	92,216	92,216	293,240	(201,024)
Total expenditures	<b>\$ 712,216</b>	<b>\$ 712,216</b>	<b>\$ 938,240</b>	<b>\$ (226,024)</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Beck Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Interest and other	\$ 12,500	\$ 12,500	\$ 23,569	\$ 11,069
Fund balance appropriation	192,500	192,500	180,806	(11,694)
Total revenues	<u>\$ 205,000</u>	<u>\$ 205,000</u>	<u>\$ 204,375</u>	<u>\$ (625)</u>
<b>Expenditures</b>				
Debt principal payments	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	5,000	5,000	4,375	625
Total expenditures	<u>\$ 205,000</u>	<u>\$ 205,000</u>	<u>\$ 204,375</u>	<u>\$ 625</u>

### Debt Service Fund - South Haggerty Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 112,418	\$ 112,418	\$ 108,806	\$ (3,612)
Interest and other	7,095	7,095	13,418	6,323
Transfers in	-	241,400	241,400	-
Fund balance appropriation	95,837	-	-	-
Total revenues	<u>\$ 215,350</u>	<u>\$ 360,913</u>	<u>\$ 363,624</u>	<u>\$ 2,711</u>
<b>Expenditures</b>				
Debt principal payments	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	15,350	15,350	15,350	-
Transfer to fund balance	-	145,563	148,274	(2,711)
Total expenditures	<u>\$ 215,350</u>	<u>\$ 360,913</u>	<u>\$ 363,624</u>	<u>\$ (2,711)</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Koppernick Corporate Park

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 130,957	\$ 130,957	\$ 153,022	\$ 22,065
Interest and other	29,230	29,230	32,086	2,856
Fund balance appropriation	31,626	31,626	6,705	(24,921)
Total revenues	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ -</u>
<b>Expenditures</b>				
Debt principal payments	\$ 176,000	\$ 176,000	\$ 176,000	\$ -
Interest and fiscal charges	15,813	15,813	15,813	-
Total expenditures	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ -</u>

### Debt Service Fund - Tonquish Creek Storm Sewer

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 9,000	\$ 9,000	\$ 8,895	\$ (105)
Interest and other	5,350	5,350	13,472	8,122
Fund balance appropriation	229,775	229,775	221,757	(8,018)
Total revenues	<u>\$ 244,125</u>	<u>\$ 244,125</u>	<u>\$ 244,124</u>	<u>\$ (1)</u>
<b>Expenditures - Current expenditures</b>				
Debt principal payments	\$ 224,000	\$ 224,000	\$ 224,000	\$ -
Interest and fiscal charges	20,125	20,125	20,124	1
Total expenditures	<u>\$ 244,125</u>	<u>\$ 244,125</u>	<u>\$ 244,124</u>	<u>\$ 1</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 36,829	\$ 36,829	\$ 29,040	\$ (7,789)
Interest income	24,636	24,636	24,071	(565)
Fund balance appropriation	24,835	24,835	33,188	8,353
Total revenues	<u>\$ 86,300</u>	<u>\$ 86,300</u>	<u>\$ 86,299</u>	<u>\$ (1)</u>
<b>Expenditures</b>				
Debt principal payments	\$ 64,390	\$ 64,390	\$ 64,390	\$ -
Interest and fiscal charges	21,910	21,910	21,909	1
Total expenditures	<u>\$ 86,300</u>	<u>\$ 86,300</u>	<u>\$ 86,299</u>	<u>\$ 1</u>

### Debt Service Fund - Denton Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues - Transfers in</b>	<u>\$ -</u>	<u>\$ 74,500</u>	<u>\$ -</u>	<u>\$ (74,500)</u>
<b>Expenditures</b>				
Other expenditures	\$ -	\$ 10,000	\$ -	\$ 10,000
Transfer to fund balance	-	64,500	-	64,500
Total expenditures	<u>\$ -</u>	<u>\$ 74,500</u>	<u>\$ -</u>	<u>\$ 74,500</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Saltz Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenue</b>				
Special assessments	\$ -	\$ -	\$ 81,067	\$ 81,067
Interest income	-	-	49,007	49,007
Transfers in	-	188,289	188,289	-
Appropriations from fund balance	<u>188,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u><b>\$ 188,289</b></u>	<u><b>\$ 188,289</b></u>	<u><b>\$ 318,363</b></u>	<u><b>\$ 130,074</b></u>
<b>Expenditures</b>				
Debt principal payments	\$ 140,488	\$ 140,488	\$ 140,488	\$ -
Interest and fiscal charges	47,801	47,801	47,799	2
Transfer to fund balance	<u>-</u>	<u>-</u>	<u>130,076</u>	<u>(130,076)</u>
Total expenditures	<u><b>\$ 188,289</b></u>	<u><b>\$ 188,289</b></u>	<u><b>\$ 318,363</b></u>	<u><b>\$ (130,074)</b></u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Cherry Hill Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenue</b>				
Special assessments	\$ -	\$ 260,000	\$ 121,580	\$ (138,420)
Interest income	-	70,000	122,577	52,577
Fund balance appropriation	261,391	-	17,356	17,356
<b>Total revenue</b>	<b>\$ 261,391</b>	<b>\$ 330,000</b>	<b>\$ 261,513</b>	<b>\$ (68,487)</b>
<b>Expenditures</b>				
Debt principal payments	\$ 195,122	\$ 195,122	\$ 195,122	\$ -
Interest and fiscal charges	66,269	66,391	66,391	-
Transfer to fund balance	-	68,487	-	68,487
<b>Total expenditures</b>	<b>\$ 261,391</b>	<b>\$ 330,000</b>	<b>\$ 261,513</b>	<b>\$ 68,487</b>

### Capital Projects Fund - Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Interest income	\$ 50,000	\$ 50,000	\$ 58,904	\$ 8,904
Land sales and other	150,000	400,000	324,570	(75,430)
Transfers in	1,327,000	1,327,000	1,272,058	(54,942)
Appropriations from fund balance	-	920,376	-	(920,376)
<b>Total revenues</b>	<b>\$ 1,527,000</b>	<b>\$ 2,697,376</b>	<b>\$ 1,655,532</b>	<b>\$ (1,041,844)</b>
<b>Expenditures</b>				
Capital outlay	\$ 1,527,000	\$ 2,697,376	\$ 1,365,965	\$ 1,331,411
Interest expense	-	-	76,470	(76,470)
Transfer to fund balance	-	-	213,097	(213,097)
<b>Total expenditures</b>	<b>\$ 1,527,000</b>	<b>\$ 2,697,376</b>	<b>\$ 1,655,532</b>	<b>\$ 1,041,844</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Capital Projects Fund - Cherry Hill Road

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b> - Interest income	\$ -	\$ -	\$ 1,881	\$ 1,881
<b>Expenditures</b> - Transfer to fund balance	\$ -	\$ -	\$ 1,881	\$ 1,881

### Capital Projects Fund - Saltz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Interest and other	\$ -	\$ -	\$ 31,784	\$ 31,784
Appropriations from fund balance	-	3,164	156,505	153,341
Total revenues	\$ -	\$ 3,164	\$ 188,289	\$ 185,125
<b>Expenditures</b>				
Capital outlay	\$ -	\$ 3,164	\$ -	\$ 3,164
Transfer out	-	-	188,289	(188,289)
Total expenditures	\$ -	\$ 3,164	\$ 188,289	\$ (185,125)

### Capital Projects Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b> - Interest income	\$ -	\$ -	\$ 67	\$ 67
<b>Expenditures</b> - Transfer to fund balance	\$ -	\$ -	\$ 67	\$ 67



# Charter Township of Canton

## Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2006

	Agency Funds		
	Balance January 1, 2006	Additions	Balance December 31, 2006
<b><u>Tax Collections</u></b>			
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 15,654,041</u></b>	<b><u>\$ 146,732,234</u></b>	<b><u>\$ 145,167,957</u></b>
<b>Liabilities - Due to other governmental units</b>	<b><u>\$ 15,654,041</u></b>	<b><u>\$ 112,816,000</u></b>	<b><u>\$ 111,251,723</u></b>
<b><u>Other Agency Funds</u></b>			
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 442,838</u></b>	<b><u>\$ 480,501</u></b>	<b><u>\$ 642,808</u></b>
<b>Liabilities - Cash bonds and deposits</b>	<b><u>\$ 442,838</u></b>	<b><u>\$ 480,501</u></b>	<b><u>\$ 642,808</u></b>
<b><u>Total Agency Funds</u></b>			
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 16,096,879</u></b>	<b><u>\$ 147,212,735</u></b>	<b><u>\$ 145,810,765</u></b>
<b>Liabilities</b>			
Due to other governmental funds	\$ 15,654,041	\$ 112,816,000	\$ 111,251,723
Cash bonds and deposits	<u>442,838</u>	<u>480,501</u>	<u>642,808</u>
Total liabilities	<b><u>\$ 16,096,879</u></b>	<b><u>\$ 113,296,501</u></b>	<b><u>\$ 111,894,531</u></b>

## **Statistical Section**

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# Charter Township of Canton

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## Description of Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health

### Contents

The statistical section is organized into the following main categories:

#### **Financial Trends:**

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

#### **Revenue Capacity:**

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

#### **Debt Capacity:**

These schedules contain information to help the reader assess the affordability of the Township's current levels of outstanding debt, and the Township's ability to issue additional debt in the future.

#### **Demographic and Economic Information:**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

#### **Operating Information:**

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

#### **Sources:**

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Township implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

# Charter Township of Canton

## Financial Trend Information Net Assets by Component (Unaudited)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
<b>Governmental Activities</b>					
Invested in capital assets - Net of related debt	\$ 37,645,979	\$ 42,163,530	\$ 41,737,768	\$ 45,205,467	\$ 47,450,269
Restricted	11,837,657	12,080,313	13,689,720	11,679,740	10,545,534
Unrestricted	<u>22,223,367</u>	<u>17,796,324</u>	<u>15,589,584</u>	<u>22,048,490</u>	<u>21,259,090</u>
Total net assets	71,707,003	72,040,167	71,017,072	78,933,697	79,254,893
<b>Business-type Activities</b>					
Invested in capital assets - Net of related debt	82,983,166	85,264,716	88,244,363	91,961,552	91,906,737
Restricted	7,183	11,612	11,463	4,462	1,487
Unrestricted	<u>54,720,350</u>	<u>55,603,979</u>	<u>57,872,611</u>	<u>56,180,667</u>	<u>51,918,561</u>
Total net assets	137,710,699	140,880,307	146,128,437	148,146,681	143,826,785
<b>Primary Government in Total</b>					
Invested in capital assets - Net of related debt	120,629,145	127,428,246	129,982,131	137,167,019	139,357,006
Restricted	11,844,840	12,091,925	13,701,183	11,684,202	10,547,021
Unrestricted	<u>76,943,717</u>	<u>73,400,303</u>	<u>73,462,195</u>	<u>78,229,157</u>	<u>73,177,651</u>
Total net assets	<u>\$ 209,417,702</u>	<u>\$ 212,920,474</u>	<u>\$ 217,145,509</u>	<u>\$ 227,080,378</u>	<u>\$ 223,081,678</u>

# Charter Township of Canton

## Financial Trend Information Changes in Governmental Net Assets (Unaudited)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
General government	\$ 7,255,264	\$ 6,673,059	\$ 7,871,063	\$ 6,705,957	\$ 5,569,166
Public safety	16,463,481	18,528,734	18,300,773	22,262,105	24,188,930
Public works	4,807,186	6,578,119	11,121,653	7,388,912	5,808,264
Building, planning, and engineering	3,588,191	3,803,120	3,679,756	3,874,353	3,333,880
Culture and recreation	5,113,356	6,520,210	8,405,420	8,677,474	7,751,655
Sanitation	2,015,090	2,156,849	2,432,446	2,664,103	2,874,954
Interest on long-term debt	457,756	539,567	649,025	388,909	256,072
Total governmental activities	39,700,324	44,799,658	52,460,136	51,961,813	49,782,921
<b>Program Revenues</b>					
Charges for services:					
General government	795,939	498,864	517,566	568,650	699,201
Public safety	1,135,371	1,324,414	848,795	987,207	1,035,118
Building, planning, and engineering	3,132,019	3,010,757	3,099,852	3,839,924	2,776,429
Culture and recreation	3,364,204	3,673,589	3,852,691	4,099,582	3,539,032
Total charges for services	8,427,533	8,507,624	8,318,904	9,495,363	8,049,780
Operating grants and contributions	1,482,609	1,449,704	1,794,831	3,263,870	1,947,036
Capital grants and contributions	586,191	1,063,128	5,565,856	4,390,608	635,781
Total program revenue	10,496,333	11,020,456	15,679,591	17,149,841	10,632,597
<b>Net Expense</b>	(29,203,991)	(33,779,202)	(36,780,545)	(34,811,972)	(39,150,324)
<b>General Revenues</b>					
Taxes:					
Property taxes	3,740,620	4,740,395	5,988,123	7,647,583	8,287,228
Public safety operating levy	16,695,873	17,986,859	18,872,962	19,533,530	20,489,067
State-shared revenues	7,064,413	6,310,027	6,034,910	6,018,024	5,958,485
Royalties	1,764,592	1,726,009	1,241,583	1,233,579	1,331,008
Investment earnings	1,020,755	924,482	626,011	1,869,021	2,331,534
Miscellaneous - Net of miscellaneous expense	168,615	139,622	3,925,025	1,274,992	1,334,198
Total general revenues	30,454,868	31,827,394	36,688,614	37,576,729	39,731,520
Special item - Gain on sale of assets	29,728	-	-	5,635,111	-
<b>Transfers</b>	(523,122)	(520,761)	(544,585)	(483,243)	(260,000)
<b>Change in Net Assets</b>	<u>\$ 757,483</u>	<u>\$ (2,472,569)</u>	<u>\$ (636,516)</u>	<u>\$ 7,916,625</u>	<u>\$ 321,196</u>

# Charter Township of Canton

	Fiscal Year Ended June 30				
	1996	1997	1998	1999	2000
<b>Operating Revenue</b>					
Sale of water	\$ 4,335,215	\$ 4,210,957	\$ 5,359,692	\$ 5,923,794	\$ 5,313,222
Sewage disposal revenues	5,255,804	5,222,460	6,719,240	7,501,746	7,139,072
Service charges	709,819	932,816	1,115,990	921,264	797,446
Greens fees and cart rentals	-	-	-	-	-
Operating lease	-	-	-	-	-
Other revenues	259,941	361,332	396,430	485,728	527,378
Total operating revenue	10,560,779	10,727,565	13,591,352	14,832,532	13,777,118
<b>Operating Expenses</b>					
Recreation	-	-	-	-	-
Salaries and wages	1,176,825	1,279,413	1,315,038	1,368,854	1,473,977
Payroll taxes and fringe benefits	479,057	524,319	518,838	531,099	566,192
Insurance	30,756	27,635	30,437	73,261	66,346
Supplies	42,190	55,130	62,305	67,379	67,298
Engineering fees	25,933	3,569	6,328	24,007	47,184
Professional services	58,071	31,760	30,739	42,846	35,648
Vehicle expense	59,936	56,528	52,494	59,280	65,786
Water purchases	2,662,292	2,892,911	3,040,001	3,705,962	3,509,333
Sewage disposal charges	4,538,060	4,088,161	3,749,930	4,300,301	5,305,485
Maintenance	191,980	386,798	177,460	268,971	282,357
Administration charges	703,889	815,720	855,327	1,175,000	1,250,000
Depreciation	2,351,416	2,479,062	2,552,037	2,771,736	3,096,970
Other expenses	463,474	362,402	464,323	1,014,703	874,901
Sump pump - Pilot project	48,420	1,852	7,929	70,243	39,818
Total operating expenses	12,832,299	13,005,260	12,863,186	15,473,642	16,681,295
<b>Operating Income (Loss)</b>	(2,271,520)	(2,277,695)	728,166	(641,110)	(2,904,177)
<b>Nonoperating Revenue (Expenses)</b>					
Customer connection fees	-	-	-	-	-
Investment income	1,287,734	1,656,805	1,939,478	2,117,952	2,730,646
Gain (loss) on sale of capital assets	-	11,498	1,203	125,675	-
Interest expense	(3,162,953)	(3,163,188)	(2,605,657)	(2,628,606)	(2,613,624)
<b>Operating Income (Loss) - Before contributions</b>	(4,146,739)	(3,772,580)	63,190	(1,026,089)	(2,787,155)
Transfers from other funds	-	539,643	500,000	500,000	500,000
Transfers to other funds	-	-	(42,500)	(32,500)	(42,500)
Cumulative effect of change in accounting method (1)	-	-	3,659,962	-	-
Add depreciation on fixed assets acquired by donations from developers that reduces contributed capital	-	-	777,908	865,327	949,234
Capital contributions	-	-	-	-	-
<b>Change in Net Assets</b>	<b>\$ (4,146,739)</b>	<b>\$ (3,232,937)</b>	<b>\$ 4,958,560</b>	<b>\$ 306,738</b>	<b>\$ (1,380,421)</b>

(1) In 1998, the Charter Township charged all depreciation related to contributed capital as a direct reduction to contributed capital. The cumulative effect of this change related to prior years was a \$3,659,962 increase to retained earnings.

**Financial Trend Information**  
**Change in Business-type Net Assets**  
**(Unaudited)**

Fiscal Year Ended June 30					
2001	2002	2003	2004	2005	2006
\$ 6,016,494	\$ 6,780,611	\$ 6,627,319	\$ 7,065,253	\$ 7,855,382	\$ 8,248,480
8,416,855	10,018,742	9,538,383	9,521,324	10,598,348	9,756,870
946,866	227,845	292,729	293,688	254,795	299,097
-	1,046,243	1,179,527	1,084,235	1,189,828	1,078,212
-	403,998	400,000	400,000	200,000	100,000
594,612	980,765	1,029,013	1,250,454	1,281,237	1,052,677
15,974,827	19,458,204	19,066,971	19,614,954	21,379,590	20,535,336
-	1,420,255	1,426,943	1,518,097	1,582,246	1,509,384
1,566,822	1,673,135	1,738,685	1,873,411	1,982,069	2,043,096
586,624	706,698	700,105	787,505	847,633	843,149
49,764	69,046	112,356	134,774	130,957	533,522
77,353	80,422	74,374	85,195	95,886	99,713
63,654	93,282	198,446	236,167	167,779	85,102
63,960	102,617	84,025	333,972	302,083	255,233
61,465	65,937	86,689	99,633	122,514	133,691
3,866,272	5,513,424	5,398,184	6,604,355	7,307,139	6,856,476
6,054,017	6,360,656	6,524,925	6,671,365	6,148,480	6,487,646
333,687	214,266	305,102	481,071	411,484	504,757
1,492,725	1,492,725	1,500,000	1,710,151	1,949,596	1,981,114
3,371,986	3,077,825	1,712,802	3,110,724	3,062,850	2,913,709
709,097	927,832	1,058,271	647,702	1,358,559	1,925,711
2,369	-	-	-	-	-
18,299,795	21,798,120	20,920,907	24,294,122	25,469,275	26,172,303
(2,324,968)	(2,339,916)	(1,853,936)	(4,679,168)	(4,089,685)	(5,636,967)
-	3,477,846	6,091,603	6,823,932	5,663,908	1,475,510
2,533,500	1,558,866	692,734	423,662	694,673	1,149,959
-	8,131	(2,380,312)	-	-	-
(2,633,969)	(4,476,050)	(2,313,058)	(2,206,423)	(2,748,494)	(2,546,482)
(2,425,437)	(1,771,123)	237,031	362,003	(479,598)	(5,557,980)
557,551	523,122	520,761	544,585	483,243	260,000
(45,000)	-	-	-	-	-
-	-	-	-	-	-
949,234					
10,016,642	4,872,140	2,411,816	4,341,542	2,014,599	978,084
<b>\$ 9,052,990</b>	<b>\$ 3,624,139</b>	<b>\$ 3,169,608</b>	<b>\$ 5,248,130</b>	<b>\$ 2,018,244</b>	<b>\$ (4,319,896)</b>

# Charter Township of Canton

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	Fiscal Year Ended June 30			
	1997	1998	1999	2000
<b>General Fund</b>				
Reserved	\$ 177,534	\$ 262,547	\$ 347,189	\$ 585,215
Unreserved	<u>6,815,696</u>	<u>8,327,176</u>	<u>7,677,952</u>	<u>8,055,315</u>
Total General Fund	<u><b>\$ 6,993,230</b></u>	<u><b>\$ 8,589,723</b></u>	<u><b>\$ 8,025,141</b></u>	<u><b>\$ 8,640,530</b></u>
<b>All Other Governmental Funds:</b>				
Reserved	\$ 2,783,589	\$ 2,136,828	\$ 1,356,051	\$ 4,559,441
Unreserved, reported in:				
Special Revenue Funds	6,766,440	10,348,698	14,144,694	15,649,718
Capital Project Funds	1,086,679	3,561,615	6,871,270	2,324,228
Debt Service Funds	<u>1,343,959</u>	<u>1,571,776</u>	<u>1,852,612</u>	<u>1,928,805</u>
Total all other governmental funds	<u><b>\$ 11,980,667</b></u>	<u><b>\$ 17,618,917</b></u>	<u><b>\$ 24,224,627</b></u>	<u><b>\$ 24,462,192</b></u>



**Financial Trend Information**  
**Fund Balances - Governmental Funds**  
**(Unaudited)**

Fiscal Year Ended June 30					
2001	2002	2003	2004	2005	2006
\$ 545,652	\$ 569,543	\$ 562,679	\$ 156,840	\$ 306,365	\$ 166,962
<u>6,781,211</u>	<u>5,748,432</u>	<u>4,857,473</u>	<u>3,190,658</u>	<u>2,848,071</u>	<u>5,829,264</u>
<b><u>\$ 7,326,863</u></b>	<b><u>\$ 6,317,975</u></b>	<b><u>\$ 5,420,152</u></b>	<b><u>\$ 3,347,498</u></b>	<b><u>\$ 3,154,436</u></b>	<b><u>\$ 5,996,226</u></b>
\$ 2,594,981	\$ 1,308,573	\$ 530,489	\$ 4,422,814	\$ 1,584,322	\$ 989,776
15,214,394	13,134,838	14,116,789	14,532,998	18,743,056	16,580,130
2,637,770	1,844,619	12,338,443	1,100,664	1,755,015	1,081,467
<u>2,166,220</u>	<u>1,730,420</u>	<u>1,442,164</u>	<u>2,088,613</u>	<u>1,862,445</u>	<u>1,680,983</u>
<b><u>\$ 22,613,365</u></b>	<b><u>\$ 18,018,450</u></b>	<b><u>\$ 28,427,885</u></b>	<b><u>\$ 22,145,089</u></b>	<b><u>\$ 23,944,838</u></b>	<b><u>\$ 20,332,356</u></b>

# Charter Township of Canton

	Fiscal Year Ended June 30			
	1997	1998	1999	2000
<b>Revenue</b>				
Property taxes	\$ 13,102,303	\$ 14,337,246	\$ 15,393,566	\$ 16,928,959
Licenses and permits	2,485,544	2,702,634	2,657,891	2,442,411
Federal grants	604,857	431,936	583,893	705,193
State-shared revenues and grants	6,109,169	6,431,656	6,726,315	7,159,118
Charges for services	1,998,427	2,214,667	2,951,991	3,238,193
Court fees	198,757	5,278	408,822	822,569
Administration charges	930,846	987,129	1,314,373	1,374,174
Special assessments	1,101,840	873,560	1,154,957	1,033,262
Royalties	1,214,647	1,712,788	1,790,698	1,956,615
Contributions from other governmental units	732,428	625,039	456,313	423,950
Operating lease	703,161	743,562	740,792	751,704
Summit recreation fees	633,177	634,848	671,016	676,272
Other revenues	4,187,049	4,944,843	6,665,496	6,544,327
Total revenue	34,002,205	36,645,186	41,516,123	44,056,747
<b>Expenditures</b>				
Current:				
General government	5,596,024	5,908,351	6,815,285	7,093,633
Public safety	11,406,335	12,273,979	13,592,109	13,760,299
Public services	9,125,914	9,227,839	10,479,122	17,063,413
Recreation	3,333,733	3,460,918	5,324,020	6,007,321
Sanitation	1,699,962	1,600,619	1,895,826	1,962,340
Other	355,121	275,300	317,224	301,500
Capital outlay	-	-	-	-
Debt service	1,854,884	2,148,437	2,583,909	2,557,787
Total expenditures	33,371,973	34,895,443	41,007,495	48,746,293
<b>Excess of Revenue Over (Under) Expenditures</b>	630,232	1,749,743	508,628	(4,689,546)
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,176,007	2,813,061	5,814,323	5,975,688
Transfers out	(5,715,650)	(3,270,561)	(6,281,823)	(6,433,188)
Payment of refunding	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Proceeds from issuance of debt	2,140,000	5,942,500	6,000,000	6,000,000
Payment to escrow for bond refunding	-	-	-	-
Total other financing sources (uses)	1,600,357	5,485,000	5,532,500	5,542,500
<b>Net Change in Fund Balances</b>	2,230,589	7,234,743	6,041,128	852,954
<b>Fund Balances - Beginning of year</b>	16,743,308	18,973,897	26,208,640	32,249,768
<b>Fund Balances - End of year</b>	<b>\$ 18,973,897</b>	<b>\$ 26,208,640</b>	<b>\$ 32,249,768</b>	<b>\$ 33,102,722</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.6%	6.2%	6.3%	5.2%

2002 - The Postemployment Benefits Fund and the Golf Course Fund were previously reported as a Special Revenue Fund. The Postemployment Benefits Fund is now reported as a fiduciary fund and the Golf Course Fund as an Enterprise Fund under GASB No. 34.

2003 - General Fund fund balance as of December 31, 2002 restated for certain Charter Township fees inappropriately recorded as a liability in prior year.

2004 - General Fund fund balance as of December 31, 2003 restated for certain Charter Township deposits recorded as revenue in prior year.

**Financial Trend Information**  
**Change in Fund Balances**  
**Governmental Funds**  
**(Unaudited)**

Fiscal Year Ended June 30					
2001	2002	2003	2004	2005	2006
\$ 18,260,062	\$ 20,436,493	\$ 22,727,254	\$ 24,861,085	\$ 27,181,113	\$ 28,776,295
2,587,070	2,551,057	2,403,811	2,591,470	2,610,487	1,184,154
1,420,904	688,661	764,073	1,164,970	1,232,577	796,167
9,771,117	7,709,288	7,148,836	6,534,179	7,495,391	7,650,880
3,266,027	2,976,653	3,172,143	3,867,639	4,979,670	5,355,205
1,693,792	488,992	200,534	74,236	74,694	48,986
1,656,446	2,589,298	2,791,714	3,046,138	3,726,795	4,834,666
909,283	737,763	739,165	717,382	819,052	730,565
1,716,831	1,764,592	1,726,009	2,029,300	2,103,145	2,258,194
399,800	709,043	321,262	521,039	960,824	515,300
667,763	-	-	-	-	-
1,559,505	856,124	849,915	862,161	921,506	965,942
5,851,191	3,064,365	3,361,923	8,481,659	4,593,033	4,196,184
49,759,791	44,572,329	46,206,639	54,751,258	56,698,287	57,312,538
7,795,598	9,199,038	8,121,823	9,606,264	9,450,349	9,702,802
17,417,837	17,338,695	19,142,528	20,706,000	24,780,670	24,843,074
7,872,144	7,833,373	8,733,989	8,898,412	8,807,135	8,117,795
5,804,672	5,461,281	6,005,243	6,439,401	7,024,307	6,916,506
2,171,248	2,083,855	2,284,566	2,506,162	3,107,479	3,297,460
375,655	428,849	334,697	711,641	353,481	1,092,632
3,558,334	2,124,367	13,309,695	19,454,016	2,106,554	1,446,490
7,414,246	2,593,465	2,353,412	1,953,648	1,873,957	2,406,471
52,409,734	47,062,923	60,285,953	70,275,544	57,503,932	57,823,230
(2,649,943)	(2,490,594)	(14,079,314)	(15,524,286)	(805,645)	(510,692)
12,243,714	2,790,774	3,090,781	6,627,588	3,752,561	5,674,350
(12,756,265)	(3,313,896)	(3,611,542)	(7,172,173)	(4,235,804)	(5,934,350)
-	-	-	-	(6,782,507)	-
-	-	-	-	3,127,082	-
-	-	25,330,000	8,100,000	6,551,000	-
-	-	(2,600,000)	-	-	-
(512,551)	(523,122)	22,209,239	7,555,415	2,412,332	(260,000)
(3,162,494)	(3,013,716)	8,129,925	(7,968,871)	1,606,687	(770,692)
33,102,722	27,350,141	25,718,112	33,461,458	25,492,587	27,099,274
<b>\$ 29,940,228</b>	<b>\$ 24,336,425</b>	<b>\$ 33,848,037</b>	<b>\$ 25,492,587</b>	<b>\$ 27,099,274</b>	<b>\$ 26,328,582</b>
15.2%	5.8%	5.0%	3.8%	3.4%	4.3%

# Charter Township of Canton

Taxable Value by Property Type					
Tax Year	Real Property				Personal Property
	Residential	Commercial	Industrial	Agricultural and Other	
1997	\$ 1,246,123,452	\$ 172,421,330	\$ 83,789,320	\$ 680,890	\$ 120,140,260
1998	1,390,068,311	187,880,043	98,452,973	689,576	130,256,670
1999	1,555,657,654	199,860,214	110,139,639	693,530	147,296,960
2000	1,728,853,394	217,391,941	111,263,567	703,501	150,537,360
2001	1,929,949,340	238,431,201	126,293,992	652,977	170,562,480
2002	2,136,168,909	270,200,857	136,127,703	-	169,394,180
2003	2,333,870,912	322,206,541	141,129,471	-	181,804,933
2004	2,568,834,283	341,386,242	152,197,908	-	194,145,256
2005	2,778,981,260	385,258,211	170,750,820	-	194,754,034
2006	3,023,547,837	447,688,439	193,317,099	-	188,787,437

Noe: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

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**Revenue Capacity Information**  
**Assessed Value and Actual Value of Taxable Property**  
**(Unaudited)**

Total Taxable Value	Tax Rate (Mills)	Total SEV	Taxable Value as a Percentage of Actual
\$ 1,623,155,252	9.37	\$ 1,713,863,857	94.71
1,807,347,573	9.05	1,951,425,250	92.62
2,013,647,997	8.85	2,203,898,155	91.37
2,208,749,763	8.85	2,479,871,370	89.07
2,465,889,990	8.85	2,817,336,350	87.53
2,711,891,649	8.85	3,226,241,880	84.06
2,979,011,857	8.85	3,635,181,579	81.95
3,256,563,689	8.86	3,954,442,252	82.35
3,529,744,325	8.65	4,236,220,142	83.32
3,853,340,812	8.65	4,609,843,477	83.59

# Charter Township of Canton

Millage Rates - Direct Township Taxes							Overlapping Taxes			
Tax Year	General Operating	Police	Fire	Total Direct Taxes	County	Jail	Huron Clinton Metro Parks	Wayne County Parks	Library	Wayne County Community College
1997	1.1100	5.1600	3.1000	9.3700	6.7300	0.9600	0.2300	0.2500	1.6400	1.2000
1998	1.1100	5.0000	2.9400	9.0500	6.7300	0.9600	0.2300	0.2500	1.6400	1.1500
1999	1.1100	4.8000	2.9400	8.8500	6.7068	0.9505	0.2218	0.2493	1.6269	1.0190
2000	1.1100	4.8000	2.9400	8.8500	6.6651	0.9446	0.2202	0.2477	1.6114	1.0000
2001	1.5100	4.4000	2.9400	8.8500	6.6556	0.9432	0.2186	0.2473	1.5946	2.4995
2002	1.7100	4.4000	2.7400	8.8500	6.6380	0.9381	0.2170	0.2459	1.5766	2.4862
2003	2.0000	4.2500	2.6000	8.8500	6.6380	0.9381	0.2161	0.2459	1.5635	2.4862
2004	2.3660	4.1260	2.3580	8.8500	6.6380	0.9381	0.2154	0.2459	1.5331	2.4844
2005	2.3660	4.1260	2.1580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5554	2.4769
2006	2.3660	3.9260	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769

**Revenue Capacity Information**  
**Direct and Overlapping Property Tax Rates**  
**(Unaudited)**

Overlapping Taxes								
Schoolcraft Community College	Intermediate School District	State Education	School - Homestead Plymouth/ Canton	School - Homestead Wayne/ Westland	School - Homestead Van Buren	School - Non- homestead Plymouth/ Canton	School - Non- homestead Wayne/ Westland	School - Non- homestead Van Buren
1.8600	2.0000	6.0000	2.1800	1.5200	0.1800	20.1800	19.5200	18.1800
1.8600	2.0000	6.0000	2.1800	5.1400	1.3000	20.1800	23.1400	19.3000
1.8500	1.9914	6.0000	3.4700	5.1400	1.3000	21.4700	23.1400	19.3000
1.8311	1.9789	6.0000	3.1500	5.1400	1.2901	21.1500	23.1400	19.2901
1.8193	1.9753	6.0000	3.4900	5.0000	1.2719	21.4900	23.0000	19.2719
1.8043	3.4643	6.0000	3.3000	4.7000	1.2649	21.3000	22.7000	19.2649
1.8024	3.4643	5.0000	3.1500	5.1300	1.2645	21.1500	23.1300	19.2645
1.7967	3.4643	6.0000	3.1000	5.0922	1.2645	21.1000	23.0922	19.2645
1.7967	3.4643	6.0000	3.4300	4.8422	1.2617	21.4300	22.8422	19.2617
1.7967	3.4643	6.0000	3.1500	4.8322	1.2603	21.1500	22.8322	19.2603

# Charter Township of Canton

## Revenue Capacity Information Principal Property Taxpayers (Unaudited)

Taxpayer	2006 Taxable Value	Percentage of Total	1997 Taxable Value	Percentage of Total	1997 Rank
1 Yazaki North America Inc	\$ 53,066,767	1.38	\$ 11,864,980	0.73	5
2 Detroit Edison Company	22,727,710	0.59	19,677,950	1.21	1
3 Uptown Investors II LLC	22,072,821	0.57	-	-	-
4 Michigan Consolidated Gas Co	14,989,090	0.39	14,623,900	0.90	3
5 Heron Ridge Associates LLC	12,892,149	0.33	-	-	-
6 Honeytree	11,651,914	0.30	9,535,250	0.59	8
7 Tianz Inc	11,562,030	0.30	-	-	-
8 Sam's Real Estate Business Trust	11,496,576	0.30	-	-	-
9 IKEA	10,923,060	0.28	-	-	-
10 Procoil Company	10,575,214	0.27	11,393,030	0.70	6
Kmart Corporation			18,587,860	1.15	2
Steel Technologies			12,103,020	0.75	4
Meisel-Sysco Corporation			9,714,260	0.60	7
Village Squire			7,171,000	0.44	9
Toys 'R' Us			6,255,050	0.39	10

Source: Township's assessment records



# Charter Township of Canton

## Revenue Capacity Information Property Tax Levies and Collections (Unaudited)

Fiscal Year Ended December 31	Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1997	\$ 15,107,040	\$ 14,425,962	95.49	\$ 673,957	\$ 15,099,919	99.95
1998	16,913,703	15,915,798	94.10	993,722	16,909,520	99.98
1999	18,470,753	17,449,828	94.47	1,020,925	18,461,517	99.95
2000	20,110,183	18,939,449	94.18	1,160,679	20,100,128	99.95
2001	22,119,165	19,613,982	88.67	2,228,018	21,842,000	98.75
2002	24,273,739	22,263,375	91.72	1,291,979	23,555,354	97.04
2003	26,557,594	25,424,921	95.74	1,030,838	26,455,759	99.62
2004	28,801,058	27,562,131	95.70	1,101,872	28,664,003	99.52
2005	30,968,620	29,458,769	95.12	1,086,996	28,664,003	92.56
2006	39,913,552	37,473,621	93.89	1,350,767	38,824,388	97.27

(1) Includes general operating, fire, and police taxes. Does not include penalty and interest on late payment of taxes.

# Charter Township of Canton

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	1997	1998	1999	2000
<b>Governmental Activities</b>				
General obligation bonds	\$ 5,175,000	\$ 7,225,000	\$ 12,575,000	\$ 14,025,000
Special assessment bonds	4,705,000	7,710,000	7,080,000	6,220,000
Land contracts	324,000	283,500	-	-
Total	10,204,000	15,218,500	19,655,000	20,245,000
<b>Business-type Activities</b>				
General obligation bonds	9,340,613	8,780,152	8,191,767	11,828,381
Installment purchase agreements	330,000	220,000	110,000	-
Total	9,670,613	9,000,152	8,301,767	11,828,381
Total debt of the government	19,874,613	24,218,652	27,956,767	32,073,381
<b>Total Population</b>	69,000	72,000	75,000	76,366
<b>Total Debt per Capita</b>	\$ 288.04	\$ 336.37	\$ 372.76	\$ 414.95
<b>Taxable Value</b>	1,623,155,252	1,807,347,573	2,013,647,997	2,208,749,763
<b>Ratio of Total Debt to Taxable Value</b>	1.22%	1.34%	1.39%	1.45%

**Debt Capacity Information**  
**Ratios of Outstanding Debt**  
**(Unaudited)**

2001	2002	2003	2004	2005	2006
\$ 13,307,500 5,265,000 -	\$ 12,572,500 4,285,000 -	\$ 35,087,500 3,430,000 -	\$ 36,743,750 8,175,000 -	\$ 35,160,940 7,375,000 -	\$ 33,467,320 6,175,000 -
18,572,500	16,857,500	38,517,500	44,918,750	42,535,940	39,642,320
10,737,496 -	10,027,496 -	9,377,500 -	8,871,250 -	8,102,957 -	8,455,653 -
10,737,496	10,027,496	9,377,500	8,871,250	8,102,957	8,455,653
29,309,996	26,884,996	47,895,000	53,790,000	50,638,897	48,097,973
76,366	81,681	82,612	83,567	84,930	85,476
\$ 383.81	\$ 329.15	\$ 581.82	\$ 645.71	\$ 604.03	\$ 576.07
2,465,889,990	2,711,891,649	2,979,011,857	3,256,563,689	3,529,744,325	3,853,340,812
1.19%	0.99%	1.61%	1.65%	1.43%	1.25%

# Charter Township of Canton

## Debt Capacity Information Ratios of General Bonded Debt Outstanding (Unaudited)

Fiscal Year	Tax-limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
1997	\$ 5,175,000	\$ -	\$ -	\$ 324,000	\$ 5,499,000	\$ 1,623,155,252	0.34	69,000	\$ 79.70
1998	7,225,000	-	-	283,500	7,508,500	1,807,347,573	0.42	72,000	104.28
1999	12,575,000	-	-	-	12,575,000	2,013,647,997	0.62	75,000	167.67
2000	14,025,000	-	-	-	14,025,000	2,208,749,763	0.63	76,366	183.66
2001	13,307,500	-	-	-	13,307,500	2,465,889,990	0.54	76,366	174.26
2002	12,572,500	-	-	-	12,572,500	2,711,891,649	0.46	81,681	153.92
2003	35,087,500	-	-	-	35,087,500	2,979,011,857	1.18	82,612	424.73
2004	36,743,750	-	-	-	36,743,750	3,256,563,689	1.13	83,567	439.69
2005	35,160,940	-	-	-	35,160,940	3,529,744,325	1.00	84,930	414.00
2006	33,467,320	-	-	-	33,467,320	3,853,340,812	0.87	85,476	391.54

# Charter Township of Canton

## Debt Capacity Information Direct and Overlapping Debt (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 94,712,808	7.62	\$ 7,217,116
Plymouth-Canton Community Schools	201,732,000	54.19	109,318,571
Wayne-Westland Schools	91,340,000	12.59	11,499,706
Van Buren Schools	11,275,000	16.66	1,878,415
Wayne County Community College	50,100,000	2.09	1,012,020
35th District Court Authority	3,350,000	47.00	1,574,500
Western Townships Utilities Authority	<u>117,025,000</u>	37.83	<u>44,266,418</u>
Total overlapping debt	569,534,808		176,766,746
Direct Township debt	43,310,000	100.00	43,310,000
Downtown Development Authority	9,790,000	100.00	9,790,000
District Library	<u>5,405,000</u>	100.00	<u>5,405,000</u>
Total direct and overlapping debt	<u><b>\$ 628,039,808</b></u>		<u><b>\$ 235,271,746</b></u>

# Charter Township of Canton

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	1997	1998	1999	2000
<b>Calculation of Debt Limit</b>				
State equalized valuation	\$ 1,713,863,857	\$ 1,951,425,250	\$ 2,203,898,155	\$ 2,479,871,370
10 percent of taxable value	171,386,386	195,142,525	220,389,816	247,987,137
<b>Calculation of Debt Subject to Limit</b>				
Total debt	19,874,623	24,218,657	27,956,771	32,073,381
Less debt not subject to limit - Special assessment bonds	<u>4,705,000</u>	<u>7,710,000</u>	<u>7,080,000</u>	<u>6,220,000</u>
<b>Net Debt Subject to Limit</b>	<u>15,169,623</u>	<u>16,508,657</u>	<u>20,876,771</u>	<u>25,853,381</u>
<b>Legal Debt Margin</b>	<u><u>\$ 156,216,763</u></u>	<u><u>\$ 178,633,869</u></u>	<u><u>\$ 199,513,045</u></u>	<u><u>\$ 222,133,756</u></u>
<b>Net Debt Subject to Limit as Percent of Debt Limit</b>	8.85%	8.46%	9.47%	10.43%

**Debt Capacity Information**  
**Legal Debt Margins**  
**(Unaudited)**

2001	2002	2003	2004	2005	2006
\$ 2,817,336,350	\$ 3,226,241,880	\$ 3,635,181,579	\$ 3,954,442,252	\$ 4,236,220,142	\$ 4,609,843,477
281,733,635	322,624,188	363,518,158	395,444,225	423,622,014	460,984,348
29,309,996	26,884,996	47,895,000	53,790,000	50,638,897	48,097,973
<u>5,265,000</u>	<u>4,285,000</u>	<u>3,430,000</u>	<u>8,175,000</u>	<u>7,375,000</u>	<u>6,175,000</u>
<u>24,044,996</u>	<u>22,599,996</u>	<u>44,465,000</u>	<u>45,615,000</u>	<u>43,263,897</u>	<u>41,922,973</u>
<u><b>\$ 257,688,639</b></u>	<u><b>\$ 300,024,192</b></u>	<u><b>\$ 319,053,158</b></u>	<u><b>\$ 349,829,225</b></u>	<u><b>\$ 380,358,117</b></u>	<u><b>\$ 419,061,375</b></u>
8.53%	7.01%	12.23%	11.54%	10.21%	9.09%

# Charter Township of Canton

Fiscal Year	Water and Serwer Revenue Bonds					
	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage
				Principal	Interest	
1997	\$ 12,384,370	\$ 4,883,948	\$ 7,500,422	\$ 138,385	\$ 71,667	35.71
1998	15,530,830	5,153,455	10,377,375	143,385	65,040	49.79
1999	16,950,484	8,166,892	8,783,592	143,386	58,246	43.56
2000	16,507,794	7,873,732	8,634,062	153,386	51,203	42.20
2001	18,508,327	8,921,854	9,586,473	158,386	49,909	46.02
2002	19,145,687	10,825,374	8,320,313	115,000	24,942	59.46
2003	20,067,602	14,554,275	5,513,327	255,000	52,875	17.91
2004	22,951,435	15,066,991	7,884,444	255,000	43,650	26.40
2005	27,852,026	20,495,118	7,356,908	260,000	34,300	25.00
2006	22,657,250	20,656,438	2,000,812	265,000	24,900	6.90

Note: Several special assessment districts include payment agreements versus annual special assessments placed on the tax rolls.



**Debt Capacity Information  
Pledged Revenue Coverage  
(Unaudited)**

Special Assessment Bonds				
Special Assessment Collections	Debt Service		Coverage	
	Principal	Interest		
\$ 441,163	\$ 270,000	\$ 169,796	1.00	
798,670	475,000	280,237	1.06	
795,441	630,000	295,150	0.86	
723,368	860,000	283,225	0.63	
913,965	955,000	243,589	0.76	
591,034	980,000	200,910	0.50	
586,443	855,000	160,741	0.58	
334,765	855,000	123,603	0.34	
674,446	800,000	254,006	0.64	
823,373	1,200,000	190,813	0.59	

# Charter Township of Canton

## Demographic and Economic Statistics (Unaudited)

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (3)	Estimated Number of Households (1)
1997	69,000	(4)	(4)	1.70	23,500
1998	72,000	(4)	(4)	1.50	25,800
1999	75,000	(4)	(4)	1.50	27,294
2000	76,366 (2)	(4)	\$ 28,609 (2)	2.10	27,490 (2)
2001	79,449	(4)	(4)	2.00	28,443
2002	81,681	(4)	(4)	2.60	29,456
2003	82,612	(4)	(4)	3.40	30,613
2004	83,567	(4)	(4)	3.20	31,550
2005	84,930	(4)	(4)	2.60	32,237
2006	85,476	(4)	(4)	2.50	32,652

(1) Southeast Michigan Council of Governments Information Services

(2) 2000 U.S. Census

(3) Michigan Department of Labor & Economic Growth

(4) Not Available

# Charter Township of Canton

## Principal Employers (Unaudited)

Taxpayer	2006 Employees	Percentage of Total	1997 Employees	Percentage of Total	1997 Rank
Plymouth Canton Schools	2,500	34.07	(I)	(I)	(I)
Yazaki North America	1,400	19.08	(I)	(I)	(I)
Miesel-Sysco Corporation	635	8.65	(I)	(I)	(I)
A & D Transport	550	7.50	(I)	(I)	(I)
Meijer Thrifty Acres	500	6.81	(I)	(I)	(I)
IKEA	500	6.81	(I)	(I)	(I)
Charter Township of Canton	369	5.03	(I)	(I)	(I)
Home Depot	345	4.70	(I)	(I)	(I)
Walmart	280	3.82	(I)	(I)	(I)
Sam's Club	259	3.53	(I)	(I)	(I)

(I) Not available

# Charter Township of Canton

## Operating Information Full-time Equivalent Government Employees (Unaudited)

Department	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (6)
<b>Supervisor's Office (1)</b>	3	3	3	3	3	3	3	2	2	4
<b>Economic Development</b>	0	0	0	0	0	0	0	1	1	1
<b>Clerk's Office</b>	6	6	6	6	6	6	6	6	6	8
<b>Treasurer's Office</b>	7	7	7	7	7	6	6	6	6	7
<b>Executive Operations and Public Safety</b>										
Fire	46	50	50	55	57	62	65	68	68	63
Police	86	88	93	99	99	105	108	110	109	106
Human Resources	3	3	3	4	4	4	4	5	5	5
<b>Finance and Budget</b>										
Finance and Budget	7	10	10	11	12	12	12	12	12	11
Information Technology Systems	5	3	4	7	8	8	8	8	8	7
Community Services	6	7	7	3	4	4	4	4	4	2
Cable Television	1	1	2	2	3	2	3	3	3	3
Facilities Maintenance (2)	8	9	9	11	11	11	8	16	16	11
Utility Billing	3	3	3	4	4	4	4	5	5	4
<b>Municipal Services</b>										
Director's Office	2	2	2	4	5	5	5	5	4	3
Building and Inspection Services	15	18	18	19	20	20	21	23	20	11
Engineering Services	6	6	9	12	14	16	16	16	24	15
Planning Services	6	6	6	7	7	8	8	7	9	6
Public Works	29	31	30	31	31	34	35	33	35	37
<b>Leisure Services</b>										
Director's Office	0	0	0	2	2	4	4	4	5	4
Parks Division/Grounds	5	8	11	11	12	10	12	12	12	11
Summit Community Center (2)	7	8	10	10	10	10	8	8	6	10
Pheasant Run Golf Course	5	4	4	6	6	4	5	3	3	3
Parks and Recreation	5	5	4	4	4	9	11	10	11	12
Softball Center (3)	0	0	0	3	3	1	1	2	2	2
Performing Arts (4)	0	0	0	0	0	0	0	1	1	1
Administrative Services (5)	2	2	2	3	3	3	3	3	3	-
<b>Total</b>	<b>263</b>	<b>280</b>	<b>293</b>	<b>324</b>	<b>335</b>	<b>351</b>	<b>360</b>	<b>373</b>	<b>380</b>	<b>347</b>

Source: Township personnel records

- (1) The DDA coordinator was moved from the supervisor's office to Economic Development.
- (2) Several of the facilities maintenance staff were transferred to the Summit Community Center.
- (3) The Township acquired and began to operate a sports facility in 2000.
- (4) A performing arts coordinator was added to support The Village Theater which opened in 2004.
- (5) The director of administrative services retired in 2006 and a new division, Executive Operations and Public Safety, was formed. The departments from administrative services were allocated between the new division and finance and budget.
- (6) As a result of retirement incentives and less new construction, there was an overall reduction in staff.

# Charter Township of Canton

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Function/Program	1997	1998	1999	2000
Police:				
Physical arrests	2,018	1,772	2,678	2,887
Traffic violations	15,113	16,002	15,862	15,338
Parking violations	343	259	320	369
Fire:				
Fire runs	1,427	1,155	1,385	1,281
Emergency medical runs	2,581	3,228	3,911	3,744
Inspections	2,090	2,302	1,372	1,009
Parks and recreation:				
Recreation program attendance	21,635	32,208	35,301	40,994
Community center admissions	169,195	154,087	152,984	257,809
Library:				
Circulation (books borrowed)	705,289	724,897	732,991	762,654
Collection volume	140,109	149,471	175,624	184,934
Water:				
Number of customers billed	17,151	18,138	18,903	19,672
Total consumption (billed - gallons)	2,445,909,000	2,908,818,000	3,096,507,000	2,715,344,000
Sewer:				
Number of customers billed	16,848	17,834	18,592	19,362

**Operating Information**  
**Operating Indicators**  
**(Unaudited)**

2001	2002	2003	2004	2005	2006
2,294	2,329	2,649	2,682	2,760	3,580
14,652	13,742	16,647	17,378	16,293	16,670
403	446	433	295	399	290
1,181	1,253	1,224	1,148	1,294	1,152
3,667	3,851	3,489	3,561	3,754	4,012
721	1,172	1,150	1,073	889	628
132,857	195,826	352,458	351,860	406,774	524,722
258,372	377,147	343,645	403,473	342,949	284,088
945,464	1,156,106	1,345,278	1,486,599	1,567,489	1,654,395
210,708	238,309	261,182	262,488	284,337	302,026
20,300	21,184	21,835	22,425	22,967	23,272
3,047,036,000	3,297,112,000	3,059,188,000	2,987,866,000	3,367,677,000	3,041,124,000
19,990	21,166	21,520	22,111	22,651	22,953

# Charter Township of Canton

## Operating Information Capital Asset Statistics (Unaudited)

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units:										
Cars and Jeep	34	36	36	36	39	39	39	40	41	47
Prisoner van	1	1	1	1	1	1	1	1	1	1
Motorcycles	4	4	4	6	4	4	4	4	6	6
Fire:										
Stations	2	2	2	2	2	2	2	2	3	3
Fire and emergency response vehicles	9	8	9	8	9	11	12	14	14	14
Public works:										
Streets (miles)	282	288	305	310	315	315	325	325	325	373
Streetlights	661	683	695	705	705	705	705	705	705	705
Parks and recreation:										
Acreage	234.6	234.6	469	599	729	859	859	859	859	859
Parks	4	4	7	7	7	7	7	7	7	7
Soccer fields	10	10	30	30	30	30	30	30	30	30
Baseball diamonds	10	22	22	22	22	22	22	22	22	22
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Libraries - Branches	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	243	243	265	265	265	268	279	279	279	424
Fire hydrants	2,081	2,081	3,493	3,493	3,493	3,493	3,493	3,493	3,493	4,874
Sewer:										
Miles of sanitary sewers	208	208	228	235	238	238	248	248	248	328

# **Charter Township of Canton**

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**Federal Awards  
Supplemental Information  
December 31, 2006**



# Charter Township of Canton

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## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Canton

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2006, which collectively comprise the Charter Township of Canton's basic financial statements, and have issued our report thereon dated May 7, 2007. Those basic financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

May 7, 2007



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Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees  
Charter Township of Canton

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2006, which collectively comprise the Charter Township of Canton's basic financial statements, and have issued our report thereon dated May 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Charter Township of Canton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Canton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Canton's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiency described in the accompanying schedule of findings and questioned costs as item 06-1 to be a significant deficiency in internal control over financial reporting.

To the Board of Trustees  
Charter Township of Canton

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the deficiency described in the schedule of findings and questioned costs as item 06-I constitutes a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter Township of Canton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Charter Township of Canton's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Charter Township of Canton's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, board of directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

May 7, 2007



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Report on Compliance with Requirements Applicable to Each Major  
Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133

To the Board of Trustees  
Charter Township of Canton

### **Compliance**

We have audited the compliance of the Charter Township of Canton with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2006. The major federal program of the Charter Township of Canton is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Charter Township of Canton's management. Our responsibility is to express an opinion on the Charter Township of Canton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Canton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of Canton's compliance with those requirements.

In our opinion, the Charter Township of Canton complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

To the Board of Trustees  
Charter Township of Canton

### **Internal Control Over Compliance**

The management of the Charter Township of Canton is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of Canton's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, board of directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

May 7, 2007

# Charter Township of Canton

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development -			
Community Development Block Grant:	14.218	N/A	
Program year 2001-B-01-MC-26-0039			\$ 325
Program year 2004-B-04-MC-26-0039			10,902
Program year 2005-B-05-MC-26-0039			176,466
Program year 2006-B-06-MC-26-0039			<u>113,132</u>
Total U.S. Department of Housing and Urban Development			300,825
U.S. Department of Justice:			
Byrne Formula Grant Program:			
Western Wayne Criminal Investigations - Program year 2006	16.579	N/A	29,977
Passed through the State of Michigan - Mobile Home Parks			
Community Policing Strategies - Mobile Home Parks II	16.579	JAG 2006-1360	23,625
Byrne Memorial Justice Assistance Grant	16.738	N/A	170
Byrne Formula Grant - Indentix Livescan Fingerprint system	16.579	N/A	<u>8,500</u>
Total Byrne Grant			62,272
Passed through Southeastern Michigan HIDTA - HIDTA			
Program - Western Wayne criminal investigations	16.607	#100-690	81,000
Federal equitable sharing program - Justice Western Wayne			
Narcotics	16.unknown	N/A	143,784
Bulletproof Vest Partnership Grant	16.607	N/A	<u>12,150</u>
Total U.S. Department of Justice			299,206
Federal Highway Safety Administration - Passed through			
Downriver Community Conference - Police Overtime			
for Seatbelt Enforcement	20.600	ALC OP 03 11 Drive	23,442
Homeland Security Cluster - U.S. Department of Homeland Security			
Federal Emergency Management Agency - Passed through			
Michigan Department of State Police:			
Emergency Management Performance	97.067	None	16,551
Homeland Security Grant Program - 2004 Grant Program:	97.004	N/A	
Security Program - Equipment and training			2,230
Interoperable Communications Equipment			<u>20,449</u>
Total 2004 Grant Program			<u>22,679</u>
Total Homeland Security Cluster			39,230

# Charter Township of Canton

## Schedule of Expenditures of Federal Awards (Continued) Year Ended December 31, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures
U.S. Environmental Protection Agency - Passed through Wayne County, Michigan - Detention Basin Enhancements	66.606	X 995743-05-0	\$ 26,769
USDA Forest Service State and Private Forest Program:			
Urban and Community Forestry Program	10.664	EAB 05-02	2,500
Community Forestry Grant #05-02		EAB 05-78	<u>7,500</u>
Total USDA Forest Service State and Forest Program			<u>10,000</u>
Total federal awards			<u><u>\$ 699,472</u></u>



## **Charter Township of Canton**

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### **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended December 31, 2006**

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 747,386
Less federal revenue reported in the financial statements, not expended in the current period	<u>(47,914)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 699,472</u></u>

# Charter Township of Canton

## Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2006

### Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of Canton and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 44,780

# Charter Township of Canton

## Schedule of Findings and Questioned Costs Year Ended December 31, 2006

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

# Charter Township of Canton

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2006

### Section II - Financial Statement Audit Findings

Reference

Number

Finding

06-1 **Finding Type** - Material weakness

**Condition** - In connection with the Charter Township of Canton's financial statement audit of the year ended December 31, 2006, the Charter Township of Canton was required to post various entries in order for its financial statements to be materially stated.

**Context** - Historically, the Charter Township of Canton's auditors have recommended journal entries as part of the audit. For the audit of the Charter Township of Canton's year ended December 31, 2006, Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, was effective. SAS 112 now defines entries of this nature to be a material weakness.

**Recommendation** - The Charter Township of Canton should attempt to post all material year-end closing entries prior to the start of the audit.

**Views of Responsible Officials and Planned Corrective Actions** - The Charter Township of Canton will focus on attempting to record material closing entries prior to the start of future audits.

### Section III - Federal Program Audit Findings

None



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May 7, 2007

To the Board of Trustees  
Charter Township of Canton  
1150 S. Canton Center Road  
Canton, MI 48188-1699

Dear Board Members:

We have recently completed the audit of the financial statements of the Charter Township of Canton for the year ended December 31, 2006. As a result of the audit, we offer the following observations and comments for your consideration:

### **Internal Control Committee**

We compliment the Township for utilizing an internal control committee in the current year. While larger organizations utilize an internal audit function, it is not commonly used by Michigan local governments. To assist the new internal control committee with its efforts, we have provided the Township with copies of the narratives that we have developed during the conduct of the audit, which largely focus on internal controls and processes of various financial-related systems and transaction cycles. Based on our experiences working with local governments, we encourage the internal control committee to consider cash handling and controls at the remote locations.

### **Golf Course Fund**

As noted in prior years, the Golf Course Fund continues to have a negative working capital position and a corresponding deficit in its unrestricted net assets (which grew from approximately \$412,000 at December 31, 2005 to approximately \$1,340,000 at December 31, 2006). We understand that the board recently approved a transfer of monies to the Golf Course Fund to eliminate the deficit that existed at December 31, 2006. We encourage the Township to consider these financial results (particularly the decrease in cash flow from operations in 2006) as part of its long-term planning and budgeting for this fund.

### **Fixed Assets**

During our testing of Water and Sewer fixed assets, we noted several discrepancies between the general ledger and supporting documentation. The Township continues to use an excel spreadsheet to track Water and Sewer Fund fixed assets and considerable reconciliation is required annually between this program and the general ledger. The Township utilizes a different application for its general fixed assets. We recommend that the Township standardize the tracking of Water and Sewer Fund fixed assets utilizing either the Township's application that tracks and reports its general fixed assets or by purchasing an off-the-shelf application to track and report all of its fixed assets. This matter could also be addressed as part of the implementation of a new financial management system. In conjunction with whatever solution that is ultimately selected by the Township, it is a recommended practice to periodically complete an inventory of fixed assets which can be used to make any adjustments necessary to the detail subsidiary ledger.

### **Special Assessments**

Several special assessment Debt Service Funds had debt service expenditures for the year in excess of revenue, causing a use of fund balance. We recommend that the Township compare the remaining debt service by fund with monies to be collected to ensure that adequate resources are available.

### **Budgeting**

The Township had several situations where facts changed from the original budget; however, budget amendments were not made across all funds to reflect such changes. Since the budget process includes a great deal of estimating, it is not unusual for significant variances to develop. We recommend the Township monitor expenditures in the various funds and amend all budgets in accordance with the State's Budget Act.

### **Federal Forfeiture Revenue**

Due to the efforts of Canton law enforcement, the Township has a significant amount of federal forfeiture revenue received from Western Wayne Narcotics that remains unspent. Federal forfeiture guidelines require that these funds be spent within two years unless they are being set aside for a planned purpose. We encourage the Township to consider plans for use of these monies.

### **Water Sales**

Water units sold in the current year are nearly 10 percent less than last year. Although a recent cost of service has been conducted by the Township, we encourage the Township to consider this change in trend for future rate-planning purposes.

## **Financial Management System**

We understand that the Township is in the process of developing specifications to replace its internally developed and maintained financial management software. We encourage the Township to continue these efforts given the importance of the financial management system to the Township's operations. When the Township proceeds with this change, we strongly encourage the Township to review and examine all aspects of its current processes and business methods for opportunities to improve controls and achieve efficiencies by leveraging the Township's investment in this technology (some of which are described in this letter).

## **Retiree Health Care Benefits and GASB No. 45**

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local governmental units in recognizing the cost of retiree health care and other nonpension postemployment benefits. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of an employee, rather than at the time the health care premiums are paid. GASB 45 is effective for the year ending December 31, 2008. While the Township has accumulated some monies to fund its obligation for retiree health care and has created an account with MERS for retiree health care, the Township, like most all other governmental units, is not actuarially funding this liability like a pension system. These new standards allow the Township to fund the determined actuarial accrued liability for benefits provided and earned to date over 30 years. This new pronouncement could have a significant effect on the Charter Township of Canton if the Township intends to actuarially fund this obligation. We recommend that the Township complete the actuarial valuation of this benefit obligation as soon as possible to fully understand the dollar implication to the Township's 2008 budget. Additionally, a companion accounting standard (referred to as GASB 43) will require disclosure of the amount of the unfunded liability in the Township's financial statements for the year ending December 31, 2007.

## **Internal Control Considerations**

During the audit, we also noted the following additional matters regarding the internal control structure of the Township:

### **Bank Reconciliation Process**

During our review of the bank reconciliation process, it was noted that one individual in the finance department prepares a majority of the bank reconciliations, while the accounting manager prepares them for a few select accounts. We recommend that a documented review process of bank reconciliations by an individual independent of the preparer be implemented as part of this system.

## **Payroll**

In past years, any employee designated as a “timesheet reviewer” had the ability to edit wage rates through ETM, the Township’s payroll system. In response, the Township has identified one employee as being responsible for entering wage changes. We continue to encourage the Township to consider modifying its procedures to include a review of this individual’s changes. Again, this is a matter could also be addressed as part of the implementation of a new financial management system.

## **Accounts Payable**

We have discussed with the Township in the past that the ability to set up new vendors in the purchasing system without approval is one of the most common methods where fraud can occur within an organization. Efforts have been made to limit who is authorized to set up new vendors in the system. We would encourage the Township to address incorporating a review flag for new vendors as part of the implementation of the new financial management system.

## **ACH Arrangements**

The Township implemented procedures in 2004 as allowed by state law to make and accept electronic funds transfers (ACH payments). We reviewed the policies developed by the Township for ACH payments and noted that the same individual can both initiate and approve wire transfers. We suggest that the Township separate these functions.

## **Cash Receipt System**

The same individuals who collect the cash in the Treasurer’s office also balance the cash drawers at the end of the day. To improve the segregation of duties, we recommend developing a system that provides for separate individuals to be involved in the “cash out” at the end of the day. An option, for example, would be for the tellers at the end of the day to recount each other’s drawers. We have also discussed with the Township in the past the inability of the Township’s current financial management system to produce a system-generated receipt to customers. We recommend that the Township address this matter as part of the implementation of a new financial management system.



## **State-shared Revenue**

The future of the State's revenue-sharing program may be directly tied to the condition of the State's budget. Reductions to statutory revenue sharing started in 2001 as shortfalls began occurring in the State's budget. The State's budget shortfalls continue to be significant. The magnitude of the State's deficit has become even more pronounced after the State's January 2007 revenue estimating conference. According to economists, Michigan's budget is \$3 billion short of the revenue needed to cover basic services this year and next (State fiscal years 2006/2007 and 2007/2008). The outcome of other matters will also impact revenue sharing and those matters include:

- **Future of County Participation in Statutory Revenue Sharing** - In 2004, the State terminated payment of statutory revenue sharing to counties (which was approximately \$182 million) but allowed counties to move their operating tax levy to July from December.
- **Statutory Revenue Sharing Formula Expires in 2007** - Legislative action is required on this Act for appropriations to continue into 2008 and beyond.
- **Changing Michigan Business Tax Structure** - The Michigan Single Business Tax has been eliminated effective December 31, 2007, which will result in the loss of \$1.9 billion from the State's budget in 2008.

While the debate has begun, there still remain considerably more questions than answers regarding long-term funding of statutory revenue sharing. Additionally, there are several practical short-term concerns, including if revenue-sharing cuts are enacted for the State's fiscal year 2006/2007, then these unplanned revenue-sharing payment reductions could impact the Township's year ending December 31, 2007. However, the amounts may not be known until spring or summer, providing local governments will little or no time to react.

State-shared revenue accounts for approximately 25 percent of the Township's total General Fund revenue. If the State were to eliminate the statutory portion of revenue sharing (as the constitutional portion cannot be modified without a change to the State's constitution), the Township has approximately \$705,000 remaining at risk in its General Fund budget based on 2007 funding levels.

## **Other Legislative Matters**

In January 2007, new cable franchise legislation became effective which provides a statewide framework for franchising agreements instead of individual community agreements. This Act requires video service providers to obtain a local franchise, good for 10 years, from the franchising entity (the local unit of government). Payment of franchise fees from cable providers may be impacted going forward.

May 7, 2007

Other municipal finance topics receiving considerable attention in Lansing include further reductions to personal property tax as part of the State's tax structure discussions, the WPW Acquisition Company matter as it impacts the assessment of commercial property, and other property tax matters (including House Bill 4440, which establishes an 18-month moratorium on the "pop-up" or "uncapping" of taxable value to state equalized value at the time of sale or transfer of a property. Property sales or transfers occurring in the timeframe of the moratorium would continue to pay property taxes at the previous taxable value amount until the property was sold or transferred in later years).

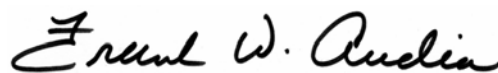
We understand the Township's elected officials and management staff are tracking these matters and their impact on the Township. We would be happy to review any of these or other matters and their financial impact on the Township.

We would like to thank you and your staff again this year for their preparedness, cooperation, and assistance that they provided during the audit. In addition to these comments and recommendations, our audit also identified as required by the new Statement on Auditing Standards No. 112 a significant deficiency and a material weaknesses in internal control that has been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report letter has been included in the supplementary schedule of federal financial assistance (the single audit report).

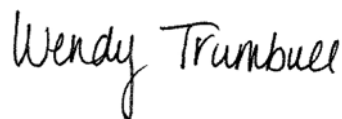
If you have any questions, or would like to discuss these items further, please feel free to contact us at your convenience.

Yours truly,

**Plante & Moran, PLLC**

A handwritten signature in black ink that reads "Frank W. Audia". The script is cursive and fluid.

Frank W. Audia

A handwritten signature in black ink that reads "Wendy Trumbull". The script is cursive and fluid.

Wendy N. Trumbull